

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,524

Wednesday April 27 1988

D 8523 A

Gulf War balance tilts against Iranians, Page 27

Austria	100.00	Spain	166.00
Belgium	117.00	Switzerland	148.00
Canada	121.00	Taiwan	172.00
Denmark	136.00	Thailand	154.00
France	114.00	West Germany	100.00
Germany	100.00	Yugoslavia	100.00
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World News

Chirac tackles Le Pen dilemma

French Prime Minister Jacques Chirac embarked on a high-pressure campaign in the second round of the presidential election while President Francois Mitterrand flew to the West Indies.

Chirac's dilemma was how to woo the 14 per cent of the electorate who voted for right-wing National Front leader Jean-Marie Le Pen without alienating the 16 per cent who voted for centre-right candidate Raymond Barre.

Page 26; New Caledonia shots, Page 2

Pacific Basin plan

A Pacific Basin organisation on the lines of the OECD was proposed yesterday by the US Under-Secretary of State for Economic Affairs, Mr Allen Wallis, in a speech to the Asia Society in New York.

Chernobyl all-clear

Soviet officials have decided it is safe to bring 30,000 hectares of land near the Chernobyl nuclear power plant back into cultivation two years after the world's worst commercial nuclear accident.

Grapefruit banned

Italian health authorities banned sales of grapefruit and ordered the seizure of all supplies after tests showed samples of the fruit had been injected with poison in what was apparently a campaign against Israeli exports.

Page 2

Saudi-Iran row

Saudi Arabia and Iran were locked in a worsening row over the number of Iranian pilgrims to be allowed to visit Mecca this July on the hajj (Islamic pilgrimage).

Page 3

Polish steel strike

About 4,000 steelworkers went on strike at the Lenin mill in southern Poland and workers at a second mill gave warning of strike action.

Pages warned, Page 2

Basque funds seized

Police seized a \$7m war chest of Spanish Basque separatist group ETA after a shootout in Bayonne, southern France.

Beirut bomb

Six people were injured when a bomb exploded in Syrian-controlled Moshel west Beirut.

India-Pakistan fence

India started building a barbed wire fence along parts of the border between Pakistan and its troubled northern state of Punjab in an attempt to stop the flow of guns and ammunition to Sikh extremists.

Page 3

Mozambique arms aid

Mozambique's Western donors, setting aside aid policies in the face of a protracted guerrilla war, said they would step up military assistance to the Mozambican army and use more aid money to protect their projects from rebel attacks.

Page 3

South Korea poll

South Korea's ruling Democratic Justice Party took an early lead in national assembly elections amid reports that a senior television executive had been sacked over alleged fraud.

Page 3

Israel border clash

Two Israeli soldiers and three Arab guerrillas were killed after an armed hand crossed Israel's border with Lebanon.

Sudan children 'seized'

Tribal militia abducted several hundred children from trains carrying destitute refugees to Sudan, a Sudanese newspaper reported.

Gabon cannibal

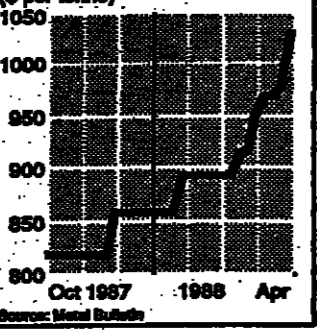
A Gabonese witchdoctor confessed to having eaten six people, including two of his own children.

Business Summary

Democrats succeed in delaying US trade bill

US DEMOCRATIC leaders succeeded on postponing a vote on the 1988 Trade Bill while they scrambled for enough Republican support to override a threatened Presidential veto. Earlier story, Page 4

Zinc



Price of the metal settled this week at \$1,050 a tonne, having risen by \$210, or more than 25 per cent, in the past five months.

Page 28

LONDON: The market was set alight by Nestlé's Switzerland takeover offer for Rowntree Macintosh, with the FT-SE 100 index breaching the 1,800 level, rising 23.2 to 1,800.8. Page 46

WALL STREET: The Dow Jones industrial average closed up 8.79 at 2,044.78. Page 50

TOKYO: A wait-and-see mood strengthened its hold in late trading, as the Nikkei average rose moderately to hit another all-time high of 27,339.14. The Nikkei closed 33.32 higher at 27,266.77, scoring a new peak for the second day running. Page 50

DOLLAR closed in New York at DM1.87675, ¥125.10, SF1.3875, FFs.850. It closed in London at \$1.8750 (\$1.8750), DM1.14 (DM1.1450), ¥234.0 (¥234.0), SF1.38 (SF1.3825), FFs.85 (FFs.8550). Page 39

STERLING closed in New York at \$1.8755. It closed in London at \$1.8750 (\$1.8750), DM1.14 (DM1.1450), ¥234.0 (¥234.0), SF1.38 (SF1.3825), FFs.85 (FFs.8550). Page 39

KOPPELUS, US building materials group, has accused investment group BNS of violating federal court orders barring it from attempting to further a \$1.7bn hostile takeover bid for the company.

TEKACO, US oil company which emerged last month from a year under the protection of US bankruptcy courts, has doubled its first-quarter net profits to \$242m or \$1.2 a share, against \$118m or 49 cents a share. Page 29

CONFEDERATION of British Industry delivered an upbeat assessment of the performance of Britain's manufacturing industry, but warned that sterling's appreciation would threaten export prospects. Page 11

UK LIFE ASSURANCE industry will be forced to abandon its decade-old control which fixed the commissions payable to insurance brokers and independent outlets, said the Life Assurance and Unit Trust Regulatory Organisation. Page 26

BETHLEHEM STEEL, third largest US steel producer, boosted first-quarter net earnings to \$85.4m or \$1.23 a share from \$25.6m or 38 cents. Page 29

NEW CAR registrations in Western Europe jumped by 8.1 per cent in the first quarter of this year, compared with the same period in 1987. Page 4

JAGUAR, UK luxury car maker, today launches its first new convertible model in 14 years, to be priced in the UK at £36,000 (\$67,500). Page 11

QUAKER OATS, US grocery products and toys group, reported third-quarter net income of \$78m or 94 cents a share, up from \$51.5m or 65 cents. Page 29

Cartier heads for \$1bn sales after acquisitions coup

BY PAUL BETTS IN PARIS

CARTIER, for more than a century the world's most celebrated jeweller, pulled off a major coup yesterday by acquiring control of Piaget and Baume et Mercier, two of the most exclusive Swiss watch makers.

The deal will turn Cartier into the world's leading manufacturer of prestige timepieces, as well as boosting its annual sales to more than \$1bn.

Mr Alain Perrin, chairman of Cartier International and the principal architect of its recent

and successful diversification and expansion in the luxury industry, said negotiations with the Piaget family, which controls both Piaget and Baume et Mercier, had been going on for 18 months.

He acknowledged, while waiting to appear at a press conference to be relayed by satellite to six European capitals from Cartier's offices overlooking the Place Vendôme, that it had been "an expensive deal" but declined to disclose the cash price of the transaction.

The alliance between Cartier and the two legendary Swiss watch brands is the latest merger in the luxury goods industry which, after the alliance between Moët-Hennessy and Louis Vuitton, has increasingly been the scene of takeovers and other business combinations.

Mr Perrin said Cartier was interested in Baume et Mercier because it considered the brand as the only real rival to Rolex. "My intention is to throw

Baume et Mercier into battle with Rolex." He added that between the various brands the Cartier group will manufacture about 450,000 watches a year. Cartier expected to complete two other acquisitions before the end of this year, he said.

Cartier, 46 per cent owned by Rothmans International and whose shareholders also include Drexel Burnham Lambert and the Belgian Sofina financial group, will control 75 per cent of a new holding company called

FPM Holding, which in turn will control 60 per cent of Piaget and of Baume et Mercier.

The Piaget family will own the other 40 per cent of the two Swiss watchmaking companies both of which, like Cartier, date back to the last century. The outstanding 25 per cent of FPM Holding will be controlled by a financial company called Luxco, whose shareholders include Rothmans International, Sofina and a number of banks.

Rowntree shares soar as board rejects £2bn bid from Nestlé

BY NIKKI TAYLOR IN LONDON AND WILLIAM DULLFORCE IN GENEVA

NESTLÉ, the Swiss foods conglomerate, yesterday launched a \$2.1bn (\$2.94bn) hostile cash bid for Rowntree, the York-based confectionery group which has over a fifth of Britain's 23m confectionery market, opening up the possibility of a three-way European takeover battle.

The move follows a dawn raid on Rowntree two weeks ago by a second Swiss company, Jacobs-Suchard, which lifted its holding to 14.9 per cent from about 2.7 per cent. Suchard said yesterday it did not give up easily and was keeping its options open.

Before the Suchard raid, Rowntree shares were trading at 477p. Yesterday they rose well beyond Nestlé's bid of 800p a share - to another 178p to 820p - as the market tried to assess Suchard's response and the possibility of anyone else entering the contest.

Nestlé, which takes in Nestlé's coffee, Finlands frozen foods and Carnation milk, claims to be the largest food company worldwide with sales of \$F75.2bn (\$25.4bn). But although its chocolate and sweets interests give it around 14 per cent of the European confectionery market, its share in the UK market is only about 2 per cent.

Rowntree, by contrast, whose products include KitKat, Polo

Mints and Smarties, has about a quarter of the chocolate sweets market, where it ranks second to Cadbury-Schweppes in addition to its confectionery market share.

Nestlé's offer was speedily and firmly rejected by Rowntree. "The board has already stated, and continues to believe, that the business can best be developed in the interests of shareholders and employees as an independent group," it said.

Rowntree was put on bid alert when Suchard launched its dawn raid and lifted its holding from about 2.7 per cent. At the time, Suchard said it would not launch an offer for at least one year, although it reserved the right to do so if a full bid came from elsewhere.

Yesterday, Mr Klaus Jacobs, Suchard chairman, said that its 14.9 per cent interest had been bought as "a strategic investment". However, it would study its options and decide what to do.

Suchard's annual meeting also



Helmut Maucher, Nestlé's managing director

Continued on Page 28
Rowntree's suitors, Page 26; Lex, Page 28; Old lay-offs, Page 29

Banking nations aim to crack down on fraud

BY DAVID LARCELLES IN LONDON AND JOHN WICKS IN ZURICH

INTERNATIONAL banking supervisors are drawing up a code of conduct for banks aimed at stamping out abuses of the banking system for purposes of crime, fraud and tax evasion.

The proposed code, based on a recent agreement concluded by Swiss banks, is expected to be considered by officials from all the major banking nations at a meeting in Basle tomorrow.

The two principles imposed on banks by the Swiss code are to ascertain the true identity of their clients, and to prevent the abuse of banking secrecy to conceal criminally-acquired funds.

Supervisors have been concerned for some time about the role played by banks in concealing the identity of criminals and tax evaders, and in acting as a haven for their money, particularly in drug, money laundering and other international crime.

The code is unlikely to carry any legal sanctions, but it will place considerable moral pressure on banks to improve the monitoring of their business and to act swiftly in cases of suspected crime. It will aim particularly at ending the "no questions asked" practices that prevail among certain types of banks.

The code on which it will be modelled was adopted voluntarily by Swiss banks last year amid mounting international controversy over the abuse of Switzerland's much-vaunted banking secrecy. The code grew out of an earlier "gentlemen's agreement" between Swiss banks and the

country's central bank.

Banking supervisors were unwilling to comment on their plans yesterday. However, the Swiss Federal Banking Commission, the regulatory authority of Swiss banks, said in its recent annual report that a draft of the proposed code had been prepared.

Tomorrow's meeting in Basle will also consider the establishment of common capital requirements for all banks in the major banking countries. Officials are expected to draft an accord which will be approved by central bank governors in June.

The proposed code of conduct is a further instance of the growing co-operation of banking supervisors at an international level, as well as of the growing fight against international financial crime.

US, Saudi arms deal delayed

BY LIONEL BARBER IN WASHINGTON

UPROAR in the US Congress over Saudi Arabia's secret purchase of intermediate range missiles from China has forced the Reagan Administration to delay a proposed \$450m arms sale to the Saudis.

The Saudis attempted yesterday to dampen Congressional concern over the missiles, which can carry nuclear warheads capable of targeting any part of the Middle East, by announcing that they would sign the Nuclear Non-Proliferation Treaty.

However, the delay further complicates an already strained relationship between Washington and Riyadh over arms supplies.

The US Administration would like to proceed swiftly with the package because it includes equipment for the Avacs air sur-

veillance aircraft in the Gulf, vital for the intensive operation of the US Navy patrolling the strategic waterway.

However, 58 US Senators and 187 House members sent a letter to Mr George Shultz, Secretary of State, protesting against the sale, and forcing the Administration to delay formal notification to Congress. The notification procedure allows 30 days for consultations followed by a 30-day period when lawmakers can pass legislation blocking the sale.

Officials want the US to show it can deliver on its pledges to supply arms to the Saudis, despite the Congressional opposition which is largely, but not exclusively, orchestrated by Israel and other anti-Arab forces. Last year, the Administration

was forced to scrap plans for a \$1.4m arms sale that would have included 1,500 Maverick anti-tank missiles. Instead, an alternative \$1bn package excluding the Mavericks but including 12 additional F-15 jet fighters was agreed.

That delay, and other reverses, apparently encouraged the Saudis to look elsewhere for arms. The Saudi Ambassador to Washington, Prince Bandar bin Sultan, is said to have personally negotiated the East-Wind missile sale in Peking.

When the US Ambassador to Saudi Arabia, Mr Hume Horan, delivered a diplomatic protest earlier this year, the Saudis forced his recall. Mr Horan, one of the foreign service's top Arabists, is to be replaced by the former ambassador, Mr Walter Cutler.

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EUROPEAN NEWS

NUCLEAR PLANNING GROUP MEETS FOR FIRST TIME SINCE SIGNING OF INF TREATY

Nato considers how to fill the missiles gap

BY DAVID WHITE, DEFENCE CORRESPONDENT

PROPOSALS for modernising Nato's European-based nuclear arms and for filling the gaps which will be left by the withdrawal of medium-range ground-launched missiles are to be examined by defence ministers meeting in Brussels today and tomorrow.

It is the first time Nato's Nuclear Planning Group has met since the US and the Soviet Union signed their INF treaty in December. The meeting has to cope with continuing strong reservations on the part of West Germany, where the remaining ground-based systems - battlefield missiles and artillery - are mostly concentrated. Bonn's objections to rushing ahead with modernisation before seeking cuts in short-range weapons and reducing the country's share of the nuclear risk were papered over at last month's Nato summit.

No firm decisions are expected from this week's talks, however. British officials said discussions had not yet reached the stage of specific deployment of specific systems. Under the INF timetable, cruise and Pershing missiles are to be eliminated over a three-year period.

Presidential camps trade shots over New Caledonia violence

BY GEORGE GRAHAM IN PARIS

THE RIVAL camps in France's presidential election yesterday stepped up their attacks on each other's positions over the problem of New Caledonia, as violence continued in the French Pacific Ocean territory.

Mr Bernard Pons, Minister for the Overseas Territories in the government of Mr Jacques Chirac, the right-wing candidate in the election, roundly accused President Francois Mitterrand of supporting "a certain number of people who practise terrorism in New Caledonia" and of "throwing oil on the flames".

Berlin official to replace Wörner in Bonn

BY HAIG SIMONIAN IN FRANKFURT

MR RUPERT SCHOLZ, a 50-year-old conservative lawyer and former academic from West Berlin, is to succeed Mr Manfred Wörner as West Germany's Defence Minister. Mr Wörner leaves the Government on May 18 to become Nato secretary-general.

marked understanding for all the difficult questions combined in the preservation of peace in freedom for us Germans. The new minister also appears politically acceptable to Mr Kohl's coalition partners, notably the Bavarian Christian Democratic Union, which has supported him warmly.

Bonn bid to revive talks with Turks

By David Buchanan in Luxembourg

WEST GERMANY is to push hard for a restructuring of this week's EC-Turkish summit, with a view to reviving the rotating presidency of the European Community to Greece on July 1.

Pressures mount on Hungarian party

BY JUDY DEMPSEY, RECENTLY IN BUDAPEST

THE RECENT expulsion of four senior intellectuals and reformers from the Hungarian Communist Party has heightened political tensions as the party prepares for next month's national conference, the first since 1987.

Mr Pók also calls for an end to state interference in the media. Hungarian citizens should be told how the party selects films, how journalists are recruited, how broadcasting is regulated and how books are censored, he says.

Dutch must lift curbs on TV ads

By William Dawkins in Luxembourg

THE DUTCH Government has been ordered by the European Court of Justice to lift its tough restrictions on Dutch language cable television advertising carried by foreign channels available in its country.

Literature joins pasta war against Teutonic wheat

BY TIM DICKSON IN BRUSSELS

THE DIARY of the French writer André Gide was quoted in the European Court of Justice in Luxembourg yesterday as part of a ringing defence of the high quality of Italian pasta.

Turkish dam crisis averted

By Jim Dodgson in Ankara

DISASTER HAS BEEN averted at the site of Turkey's largest dam construction site, the Atatürk project on the Euphrates river in the country's south-east plains.

Italy bans grapefruit sales after poisoned fruit found

BY JOHN WYLES IN ROME

THE ITALIAN health authorities yesterday ordered the withdrawal and seizure of all grapefruit from shops and markets around the country, following the discovery of some fruit had been poisoned.

Poles warned against illegal pay pressures

By Christopher Sobczak in Warsaw

THE POLISH Government spokesman yesterday urged workers to use legal channels to pursue their wage demands and warned that increases could lead to price rises.

Italy inflation may pass 5 per cent

BY JOHN WYLES IN ROME

CONSUMER price inflation in Italy looks likely to have climbed above the 5 per cent annual rate in April for the first time since last November, according to a preliminary survey conducted by Istat, the state statistical agency.

David Goodhart on the legislation and lengthy talks behind unemployment in West German industry

It is not easy to feel sympathy for Krupp, one of the faltering giants of West German heavy industry. But the company's security is being threatened by the heavily loss-making Rheinhausen steel works in the heart of the Ruhr.

Unflappable professor at the heart of the decision

PROFESSOR Wilhelm Krelle, an amiable looking 71-year-old economics professor at Bonn University, is the man who will - barring last minute surprises - close Krupp's Rheinhausen steel works in the Ruhr.

Krupp steels itself against the social costs of closures

It is not easy to feel sympathy for Krupp, one of the faltering giants of West German heavy industry. But the company's security is being threatened by the heavily loss-making Rheinhausen steel works in the heart of the Ruhr.

Steel workers demanding pay increases and a reinstatement of the solidarity system

Steel workers demanding pay increases and a reinstatement of the solidarity system are expected to go on strike in the Ruhr region.

There are two large hurdles to clear, both of which were raised sharply by Social Democrat legislation in the early and mid-1970s. First, a company has to persuade its supervisory board - on which the workforce may have up to half the votes - that the closure is justified, and this usually means that the company faces bankruptcy without closure.

Even in steel and coal it is not as equal as it seems because at least one of the worker representatives will be from middle or senior management and will usually vote with the shareholder representatives. But when it comes to something as fundamental as closure, the final decision will almost always rest with the neutral member.

Throughout German industry, however they do get excellent access to information and a veto over the appointment of the person who usually presides over the board - they are certainly of uneven quality and experience.

It had not yet been possible to establish what kind of poison has been used but it was dark blue and certainly very strong, added Mr Ziantoni.

He admitted that "tensions relating to wages would continue but that wages and prices growth this year were not yet cause for alarm."

David Goodhart on the legislation and lengthy talks behind unemployment in West German industry

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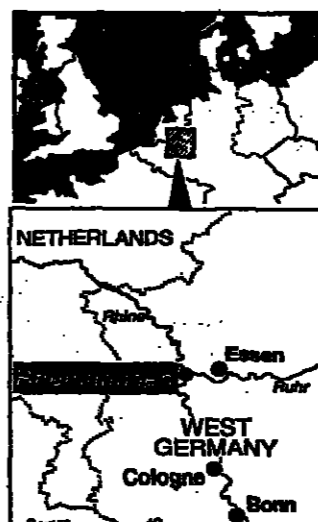
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AMERICAN NEWS

Reagan lobbies for veto support over Trade Bill

BY NANCY DUNNE IN WASHINGTON

THE REAGAN Administration was last night lobbying heavily in its battle over the 1988 Trade Bill by seeking assurances that Republican senators would support an expected presidential veto.

The lobbying was taking place as the Senate last night prepared to vote on the bill, which was passed by the House of Representatives with a big majority last week.

While the odds were thought to be on the President garnering the 34 votes needed in the Senate to sustain a veto, labour lobbyists and Democratic leaders were working strenuously for a two-thirds majority - the vote necessary to override a presidential veto.

Whatever the outcome, the Democrats appear to have emerged politically in a no-loss position. The President has threatened his veto over the provision requiring 60 days notice of plant closings.

However, recent polls show the measure has overwhelming support by the American public so that a victory by the president on the veto would only hand Democrats a powerful election year issue in November.

With this political advantage in hand, Democratic leaders have in recent days warned that this Bill may be the only one the President will have the opportunity to sign.

Senator Lloyd Bentsen, chairman of the Finance Committee which oversees trade issues in the Senate, said his committee has new tax and welfare legislation to write and would likely be too busy to write another bill this year.

The AFL-CIO spokesman said labour would oppose any Bill which does not have a plant closing provision.

Senator John Breaux, a Louisiana Democrat, was one of several who argued that communities need advance notice of lay-offs so they can begin worker retraining programmes.

Businesses, he argued, are quite ready to accept special tax advantages, free land, roads and railroad tracks when they locate in a town. "If you cannot make it in our town, we understand, but please at least say goodbye," he said.

Senator Brock Adams, a Washington Democrat, attacked the "golden parachutes" given to executives who lose their jobs and called for "simple justice" for plant workers.

Dukakis sets sights on big win in Pennsylvania

By Lionel Barber in Washington

GOVERNOR Michael Dukakis of Massachusetts yesterday set his sights on a big victory in the Pennsylvania primary election to propel him towards the Democratic presidential nomination.

Polls showed that Mr Dukakis held a large lead over his sole rival, the Rev Jesse Jackson, the black former civil rights activist who is struggling in this predominantly white and Roman Catholic state.

On the Republican side, Vice-President George Bush looked certain to lift his delegate total above the 1,189 needed to capture the nomination at the August convention in New Orleans.

Mr Dukakis, while recognised as the favourite for the Democratic nomination, has conducted a low-key campaign avoiding attacks on Mr Jackson and attracting scepticism if hardly enthusiastic audiences.

With some 1,075 delegates under his belt, he is still a long way short of the 2,082 delegate majority required at the Democratic convention in Atlanta in July. But a win in Pennsylvania, where 178 delegates are at stake on a winner-take-all basis by congressional district, would give him a boost ahead of next week's contests in the industrial states of Ohio and Indiana.

Mr Jackson, sounding in his speeches more and more like Dr Martin Luther King, continues to draw big crowds.

He commands 836 delegates, but his campaign has faltered this week over statements about how, as President, he would deal with terrorists.

At one point, Mr Jackson described South Africa as a nation that "sponsors and conducts" terrorism. He also suggested - but later backed off - that he would grant terrorists immunity from prosecution and freedom of passage in return for the release of hostages.

Such comments are unlikely to encourage the cautious Mr Dukakis to consider offering a place on the Democratic presidential ticket to Mr Jackson, whatever his strength in the popular vote. However, in a television interview yesterday, Mr Jimmy Carter, the former Democratic president, said a Dukakis-Jackson ticket would be "amazingly attractive."

David Gardner reports on the reasons behind an unmistakable gesture of solidarity Mexico offers Panama a helping hand



Mexico's action may tilt the balance away from President Reagan towards General Noriega

MEXICO last week announced it would guarantee oil supplies to the beleaguered regime of Panamanian strongman Gen Manuel Antonio Noriega, a decision which could prove a watershed for Latin America's judgment of Washington's part in the Panama crisis.

Panama's efforts to end its diplomatic near-isolation in the region now hinge on persuading Latin America to operate an emergency clearing house - probably through a group of central banks - to enable Panama's banking system to reopen. The country's 125 banks have been closed since March 4, after the Banco Nacional de Panama announced it could no longer supply the US dollars which are Panama's currency.

In the communique announcing the decision Mexico said it "will offer (Panama) the facilities to obtain oil within the framework of the San Jose Pact until the problems caused by the crisis are overcome" and describes its move as "an act of solidarity".

Mexico normally supplies half Panama's needs of 25,000 barrels a day under the concessionary terms of the seven-year-old San Jose agreement it operates with Venezuela for poor Central American and Caribbean nations. Venezuela and Ecuador supply the rest.

Now Mexico has undertaken to waive immediate payment on the oil, further lower interest rates on the credit lines underpinning the transaction and postpone indefinitely collection of Panamanian oil bill arrears of \$23m, Mexican diplomats say.

Furthermore, Mexico's national oil company signed an agreement to supply Panama with the coins it normally has minted in the US.

Even though in recent weeks public employees have been paid in bags of small change by the bankrupt Government, this will have little practical effect on the oddest symptom of the Panama crisis, the shortage of US dollars, brought about by US sanctions and government cash-flow problems. But as a gesture its intent is unmistakable.

The Mexican Government has many motives to come to the aid of Noriega. This is despite the fact that Mexico and nearly all other Latin American governments would nevertheless like to see him step down as armed forces chief and de facto ruler of Panama to clear the way for a transition to democracy.

But the single incident around which these motives coalesced came nearly two weeks ago when the US Senate voted by a large margin to "decertify" Mexico as a country already certified by President Reagan for its co-operation in the fight against drugs trafficking. This followed US allegations that drugs-related corrup-

tion has spread through the Mexican administration and security forces.

Good conduct certificates for nations, most of them Latin American, which are part of the production, distribution and financing chain for narcotics reaching the vast American drug market, have been required by US law since 1986.

Decertified offenders lose US aid and face often drastic US fines against groups they seek from multilateral finance institutions such as the World Bank.

This is academic in Mexico's case, since it only receives US aid for its extensive anti-narcotics campaign, to which it devotes a quarter of its army and 60 per cent of its Attorney General's budget, and President Reagan vetoed the Senate decision anyway.

But Mexican officials were indignant at what they saw as the latest manifestation of hypocrisy on the drug issue by the US political establishment, and drew their own conclusions.

Panama was decertified early in the current crisis and Gen Noriega's indictment on serious drug charges by two federal judges in Florida is the main justification the US offers for its campaign to overthrow him.

The fear that diplomats from the region underline is that future US Administrations could use the drug issue as a pretext to undermine not only Mexico, but governments in Peru, Colombia, Bolivia, or any other of the growing number of countries being sucked into the spreading international narcotics network.

Many observers in Latin America stress that drugs are already displacing left-wing insurgency as the perceived central threat from this region for the 1990s for US politicians.

When rioters in Honduras, the most supreme nation-state in Latin America, burned down part of the US embassy in Tegucigalpa earlier this month in reaction to the illegal extradition of a leading drug baron, Washington concluded this was a zero-Communist conspiracy. Almost everyone else realised the extradition was merely the catalyst which released long pent-up frustration at US disregard of Honduran sovereignty in the prosecution of its proxy war against Nicaragua's ruling Sandinistas.

Probably the most respected West European diplomat in this region, commenting on the Honduran incidents and the Panama crisis, described Washington's reaction as "yet another indication of the inability of the US to face the inevitable. It has had an informal empire in Latin America and the time has come to negotiate the terms of the relationship with those countries; and define what your security interests down there are, as opposed to nightmare-ising sce-

narios of brown men wielding the Communist manifesto and bags of cocaine".

The drug issue is a new thread in the traditional Latin American pattern of mistrust of US motives, and the Panama crisis could entangle it in a way which seemed unlikely when it began.

When Gen Noriega sacked his latest figurehead civilian president, Mr Eric Arturo Delvalle, on February 26, countries like Argentina and Uruguay, which have relatively recently re-established civilian rule, withdrew their ambassadors. The Group of Eight, a mechanism for co-ordinating regional debt, trade and political policy made up of Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay and Venezuela, suspended Panama from its deliberations.

Even Mexico, it is reliably understood, came close to withdrawing its ambassador in Panama for consultations. Mexico's apparent vacillations on its most deeply-held foreign policy principles - self-determination and non-intervention in the affairs of other nations - caused an unusually public row in the foreign ministry, leading to the summary sacking of Mr Ricardo Valery, the main architect of its Central America policy.

Latin diplomats say few of their governments approve of US tactics which are ruining the Panamanian economy to oust Gen Noriega - as ex-President Delvalle put it last week, "sinking the ship to grab the captain". The Panamanian Government has been working hard to convince them that the general will go and that civilian rule is in prospect. The balance of argument is now very delicately poised, as the Mexican change of tack has illustrated.

World Court rules against US over PLO mission

THE World Court yesterday ruled against the US attempt to unilaterally shut down the Palestine Liberation Organisation's mission at the United Nations in New York, AP reports from the Hague, Netherlands.

The ruling implicitly condemned the US move to close the PLO mission by supporting the UN position that the dispute must be submitted to independent arbitration.

It was the court's second ruling against the US in two years. In 1986 the court, formally known as the International Court of Justice, condemned as a violation of international law the Reagan Administration's support for the Contra rebels fighting Nicaragua's Sandinista government.

The attempt to shut down the PLO mission has been condemned by all UN member nations except the US and Israel, as well as by the UN administration itself.

At the request of the UN General Assembly, Mr Javier Perez de Cuellar, UN Secretary General, filed the court case on March 9 in the form of a request for a legal opinion on whether the dispute is subject to arbitration.

"The court unanimously is of the opinion that the United States of America as a party to the Headquarters Agreement of 26 June 1947 is under an obligation . . . to enter into arbitration of the dispute between the United States of America and the United Nations," said the ruling by the judges of the court, the UN's judicial arm.

Such comments are unlikely to encourage the cautious Mr Dukakis to consider offering a place on the Democratic presidential ticket to Mr Jackson, whatever his strength in the popular vote. However, in a television interview yesterday, Mr Jimmy Carter, the former Democratic president, said a Dukakis-Jackson ticket would be "amazingly attractive."

World Bank hits at 'chaos' in Brazilian social sector

BY IVO DAWNAY IN RIO DE JANEIRO

A CONFIDENTIAL World Bank report has unveiled a picture of widespread inefficiency, poor resource allocation and chaotic administration throughout Brazil's social programmes.

The study, conducted over the last six months by a World Bank human resources team, has been leaked in the Brazilian press.

It claims that funds allocated to sectors such as social security, health, housing, edu-

cation and nutrition are failing to get through to the poorest segments of the population, but are instead benefiting higher income groups.

The report alleges that the least wealthy fifth of the Brazilian population receives only 8 per cent of total social benefits.

Citing specific examples of the inefficiency, it says that 85 per cent of health care is devoted to high-cost,

curative hospital treatment. Only 15 per cent is targeted at preventative care such as immunisation programmes and child health, despite the superior cost-effectiveness of such schemes.

The report is also critical of the highly bureaucratic management of funds which involve substantial losses in administrative costs before the ultimate beneficiary is reached.

A World Bank official con-

firmed the existence of the study yesterday, but claimed that a draft version published in the Brazilian press had since undergone some revisions of figures and statements.

"The social sector study was made in collaboration with the Brazilian Government which knows there are problems and wants to correct them," he said.

He went on to deny claims that the Bank had been withholding funds for Brazil until improvements in administration were achieved.

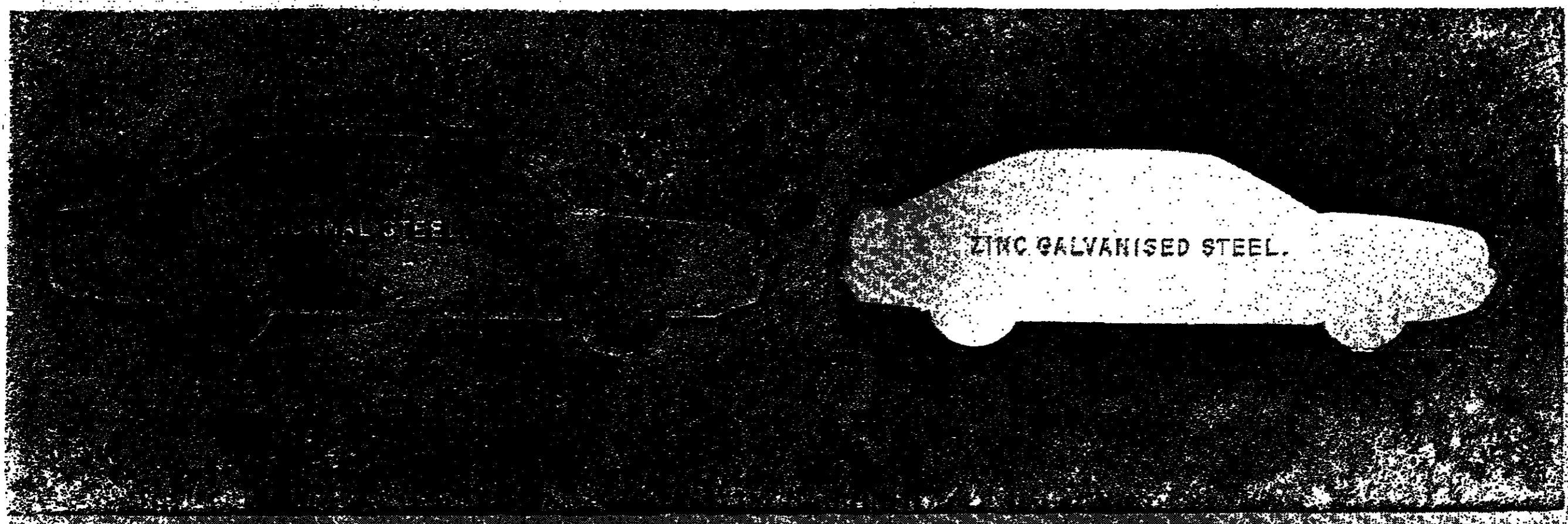
Of more than \$2bn in loans due to be approved for Brazil in the Bank's current fiscal year, ending in June, only \$250m have been disbursed. This compares with \$1.68bn approved for Mexico.

But the delays have been due to slow decision making in Brasilia, not in Washington, the Bank claimed.

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TO STOP YOUR BODY AGEING PREMATURELY, DR DIETZ PRESCRIBES ZINC.



DR DIETZ had cracked it.

AUDI'S TEN year warranty stood as testament to zinc's remarkable anti-corrosion properties.

AS WE sped home, the fact that we still didn't understand the intricacies of cathodic protection, didn't seem to matter.

EARLIER THAT morning, after a gruelling four hours on a snow bound autobahn, Dr Dietz greeted us at Audi's quality assurance centre.

'THE DRIVING conditions are very wearing,' observed our host gazing out of the window.

FOR A moment we thought Dr Dietz was showing a little compassion.

'CARS IN Germany,' continued the Doctor, 'have to withstand an extremely corrosive environment. You see, in some areas, snow lies on the ground for six months of the year.

'TO AGGRAVATE the situation, every year the authorities put half a million tonnes of salt and grit on our roads. And the corrosive agents SO₂ and NO_x are present in high levels in our rain and air.'

SUDDENLY LIVING in Britain didn't seem so bad.

'CONSEQUENTLY, AT Audi, we now employ the classic corrosion protection system: zinc galvanisation.'

'BUT DON'T other manufacturers already use zinc?' we questioned.

'INDEED,' REPLIED Dr Dietz smiling, 'most cars have a limited number of galvanised parts: hinges, sills, brackets and some body parts. Only Audi, along with Porsche, have their body shells completely galvanised inside and out.'

'CONSEQUENTLY, WHILE most manufacturers' corrosion warranties are limited to six years, Audi's now extends to ten. Zinc is also likely to increase an Audi's resale value.'

'ARE YOU familiar with galvanisation and the barrier effect and cathodic protection afforded by zinc?' enquired Dr Dietz.

DR DIETZ took his cue from our blank faces. Our metallurgy was, to say the least, a little rusty.

'ALLOW ME to explain. The protective layer of zinc works in two ways. Firstly, the zinc provides a barrier that protects the steel from contact with corrosive media. This purely physical corrosion-resisting property of zinc coatings on steel is referred to as the barrier effect. Zinc, of course, corrodes up to ten times more slowly than steel.'

'SECONDLY, SHOULD the zinc be damaged, exposing the steel, the zinc becomes the sacrificial anode in the electrochemical corrosive reaction.'

'IN PRACTICAL terms this suppression of the anodic reaction of the steel means that the Fe side of the electrode pair is no longer a corroding mixed electrode, but a corrosion-free cathode. The corresponding phenomenon is therefore referred to as cathodic protection.'

DR DIETZ might just as well have been speaking German.

THE DOCTOR endeavoured to explain in more simple terms. 'Should the steel be exposed, the zinc bleeds over the steel. No rust will form until the zinc has been eroded, a process which can take several years.'

'WITHOUT ZINC, how long would rust take to form?' we queried.

'SEVERAL DAYS, maybe less,' smiled Dr Dietz.

'HOWEVER, WHILE zinc is undoubtedly an effective weapon against rust, it can only be one element in a complete range of anti-corrosion measures,' continued Dr Dietz.

DR DIETZ, we sensed, was on the verge of refreshing our memories about the rest of Audi's corrosion protection. Apparently, the 27-operation painting process, the wax-flooded cavities and the chip-resistant elastic undercoat, had all been retained despite the introduction of zinc galvanisation.

THANKFULLY, WE persuaded him they could wait until another time.

HOWEVER, ONE question did remain. 'Why were Audi the only manufacturer, but for the notable exception of Porsche, to adopt fully galvanised zinc bodies?'

DR DIETZ smiled. 'Vorsprung durch Technik,' came the reply.

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WORLD TRADE NEWS

New car registrations in Western Europe rise 9%

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

NEW CAR registrations in Western Europe jumped by 9.1 per cent in the first quarter of 1988 compared with the same period the previous year. Sales totalled 3.36m units against 3.06m in January-March 1987, mainly because of strong demand in the big volume markets of the UK, France, Italy and Spain.

The boom is outlasting most industry forecasts, but in March the rate of growth in new car sales fell below that in the previous two months, and some leading car makers expect European new car sales in the whole of 1988 to fall just short of the record 12.4m of last year.

In March, new car registrations rose by some 6.6 per cent on the same month a year earlier to 1.29m units, according to industry estimates.

In West Germany, the biggest single car market in Western Europe, sales in the first quarter rose by 2.9 per cent - and by 1.2 per cent in March alone - to 647,000 units.

The slower growth rate in West Germany is one of the factors behind the slow start made by Volkswagen in Western Europe this year.

VW has headed the Western European sales league for the past three years, but in the first quarter it has been clearly outdistanced by Fiat of Italy, which claimed an estimated market share of some 15.9 per cent.

Fiat's share has fallen from the 16.3 per cent held in January/February, but it still has a commanding lead over the Volkswagen group, with a 13.7 per cent share in the first quarter.

Both VW and Fiat are being pressed hard by Peugeot of France, which last year ousted Ford from third place and which in the first quarter this year

	Volume	% Change	Share(%)
Total market	3,360,000	+9.1	
Fiat (including Lancia & Alfa Romeo)	535,000	+12.2	15.9
Volkswagen (including Audi & Seat)	460,000	+4.5	13.7
Peugeot (including Citroen)	427,000	+15.9	12.7
Ford	383,000	+7.3	11.4
General Motors (Opel & Vauxhall)	363,000	+6.7	10.8
Renault	362,000	+7.3	10.5
West Germany	647,000	+2.9	19.2
Italy	616,000	+13.4	18.3
United Kingdom	585,000	+11.8	17.4
France	538,000	+8.5	16.0
Spain	291,000	+22.8	7.7

raised its market share to 12.7 per cent from 12.0 per cent a year earlier.

The Peugeot group, which benefited from several successful new product launches, enjoyed the biggest increase in sales of any of the big six volume car makers in Europe, with a jump of close to 16 per cent in the first quarter to 427,000 from 368,000 a year ago.

Fiat's fortunes, boosted by the launch of the Tipo, its new competitor in the small family car segment of the market, has been buoyed in the first quarter by the performance of the Italian market, where new car registrations are estimated to have jumped by 13.4 per cent to 616,000.

Of the five biggest markets in West Europe, only Spain has achieved a faster rate of growth, with 22.8 per cent in the first quarter to 291,000 units, although here too the rate of growth slowed in March to an increase of 10.8 per cent.

In France new car sales rose by 8.5 per cent in the first quarter to 585,000, while in the UK they increased by 11.8 per cent to 585,000. While new car sales continue to boom in most of Western Europe, some of the smaller markets have gone into rapid decline in the face of straitened domestic economic circumstances. New car sales in the first quarter in Norway dropped by 26.6 per cent, in Denmark by 12.9 per cent and in the Netherlands by 6.3 per cent.

Japanese car makers managed to outpace the market, increasing their volumes by 12.4 per cent in the first quarter to an estimated 357,000 units.

The biggest gains were made by Nissan, which is increasing output from its assembly plant in the north-east of England and which is expected to begin exports from the UK in the autumn. Nissan's sales volumes in West Europe were 19.7 per cent higher, at 93,000 in the first quarter than a year earlier.

EC backs plans for trade talks with Tokyo

By David Buchan in Luxembourg

EUROPEAN Community member states have endorsed the Brussels Commission's plans to start trade talks this summer with Japan on a new range of products including pharmaceuticals, dairy goods and pigments.

A statement issued by EC Foreign Ministers meeting in Luxembourg also urged continuation of discussions with Tokyo on "the unsolved problems of market access for motor vehicles and medical devices", and the monitoring of commitments made by Japan to liberalise cosmetics imports.

The ministers welcomed the recent reduction in Japan's trade surplus with the EC, stemming in part from Tokyo's new emphasis on domestic rather than export-led, economic growth.

But they said EC states expected Japan to follow fully recent GATT rulings against high Japanese taxes on imported wines and spirits such as whisky and against Japan's two-year-old price-fixing accord with the US on semiconductors.

Noting the recent US-Japanese agreement on the participation of foreign companies in Japanese public works projects, the EC ministers warned that they expected European suppliers to be given "fair, non-discriminatory access to procurement" for Manned International Airport and other infrastructure projects.

R-R hands over plant

By Lynton McLeish

ROLLS-ROYCE, the UK turbine manufacturer, yesterday handed over the largest electrical power installation it has built in the past 30 years to a power company in Nigeria.

The 238m plant is for the Rivers State Utilities Board, at Ibadan, and is based on two Olympus gas turbine generating sets, providing 40,000kW of electricity for 98 villages. All external finance was provided from Britain.

Sales of foreign cigarettes double in Japan

BY CARLA RAPOPORT IN TOKYO

FOREIGN tobacco companies have finally cracked the Japanese cigarette market, cornering nearly 10 per cent of the domestic market and more than doubling sales in the past year.

This success has been achieved largely because of the lifting of import tariffs on cigarettes by Japan last year. Sales of foreign cigarettes last year jumped by a factor of 2.5 to 30.5m. In the fiscal year ended March, the value of foreign cigarettes more than doubled to nearly \$3bn (£1.6bn), according to the Tobacco Institute of Japan.

The institute expects foreign cigarettes to gain further in the current year, to perhaps 12 or 18 per cent of the market.

Liberalisation of the tobacco market grew out of one of the big trade rows between the US and Japan in the early 1980s. The removal of tariffs and the abolition of the Japanese tobacco monopoly, which controlled the distribution of cigarettes in Japan, came in stages between 1985 and 1987.

The removal of the import tariff last year immediately translated into a ¥20 to ¥30 per pack price cut on foreign cigarettes, making them competitive with domestic brands.

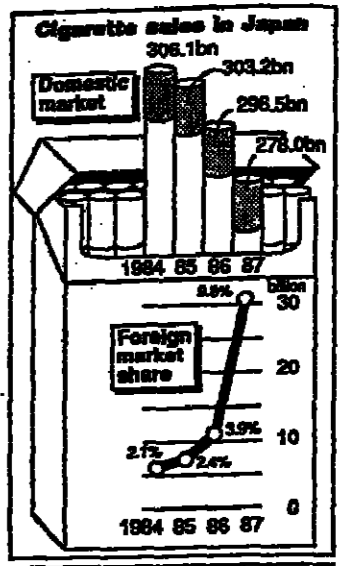
The best-selling foreign brand in Japan last year was Lark Mild, made by Philip Morris of the US. It ranked as the ninth best-selling cigarette in the country. Philip Morris retains a strong lead over the

other foreign manufacturers, producing seven of the top 10 foreign brands.

Analysts yesterday also pointed out that the foreign companies have been benefiting from improved marketing operations and better products, aimed at the Japanese market.

About 60 Japanese microchip maker companies will set up a group next month to help promote imports of foreign-made semiconductors, the Electronics Industries Association of Japan said, Reuters reports from Tokyo.

The US is dissatisfied with what it sees as Japan's failure to increase American microchip makers' access to the Japanese market following a 1986 pact on semiconductor trade.



Robert Thomson on rifts between government and foreign companies

China's quest for suitable partners

A BROADCASTING AND hotel complex that was to be the pride of Peking is yet to get off the ground because of two successive communication breakdowns between the state-run China Central Television (CCTV) and foreign partners badly bruised by last year's stock market plunge.

The stricken \$500 million project highlights China's exposure to the complexities of foreign corporate life, as well as the still rigid contract approval system and the difficulties some Chinese institutions have in telling the difference between a foreign company and its government.

Just over a year ago, CCTV signed a joint venture contract with the Parry Corporation, headed by Mr Kevin Parry, which a few days later unsuccessfully defended Australia's ownership of the America's Cup yachting trophy. In February this year, CCTV signed an agreement to replace the troubled Parry Corporation with another Australian company, the Perth-based Rowells Ltd.

Now Rowells, which was assisted by the government of Western Australia after the stock market plunge, has withdrawn following a dispute with CCTV over changes to the design of the project, which is supposed to be a centerpiece of the Asian games here in 1990.

"We have been unlucky with our choice of companies," said Mr Wang Nansheng, the general manager of CCTV, one of China's most powerful institutions. "The world of business is very complicated."

Mr Rupert Murdoch's News Corporation negotiated with CCTV in 1986 on the same project but could not reach agreement for a variety of reasons, including a dispute over the responsibility for rehousing people living on the site. And Mr Parry claimed that he had a large field of interested foreign companies, including Mr Ted Turner, the US broadcasting baron, also an America's Cup yachtsman.

The prestige of the project has been shown by the presence of a Chinese vice-premier, a deputy president, a senior state councillor, and a former foreign minister at various signing and welcoming ceremonies. Awa of the communist party's legislature, the Australian government sought a loss of face when Mr Parry pulled out, and helped to find the new partner, Rowells.

While foreign countries and companies often do China favours in the interests of long-term ties, Mr Wang Nansheng explained that CCTV has been reluctant to take legal action against the Parry Corporation because the building is intended to be a symbol of "friendly co-operation" and a writ might be taken by Australia as a political statement.

"We have suffered a lot of losses. It has been a waste of our time. We must have the building built by 1990," Mr Wang said. He suspected early that the Parry Corporation had been an unwise choice, as the company asked for an extension of payment dead-

lines almost immediately after the signing of the contract in January 1987.

CCTV was annoyed that it took nine months to convene the first board meeting of the joint venture partners and even more annoyed when, a few weeks later, Parry told the West Australian government that it would be unable to continue with the project.

In February this year, after prompting by the government and only two days of negotiation, Rowells agreed to become the new partner for the complex, a combination of broadcasting centre, hotel and apartments. A few months earlier, Rowells was in serious financial difficulties and the West Australian government provided a \$100m guarantee to assist the company, while other West Australians, including Mr Robert Holmes à Court and Mr Alan Bond, provided a comradely injection of capital.

During the two days' negotiation, Rowells had requested and won major changes to the Parry contract, putting more emphasis on the broadcasting function, and less on the accommodation, which it feared would only add to a growing surplus of hotel and apartment rooms in the Chinese capital. Rowells also asked for a new feasibility study to be completed before it would even consider building the hotel-apartment phase.

While CCTV signed the new agreement, Mr Wang Nansheng said the Ministry of Foreign Economic Relations and Trade, which must approve all such joint ventures, would not accept the terms because "Rowells had changed the business scope," and "it was not a direct transfer of title" from Parry to Rowells.

Mr Wang said feasibility studies had already shown that the new accommodation would be profitable, and thus, to his mind, Rowells should have simply accepted the Parry contract as was.

"We have the design for the building. We have all the approval and we know that we will make a profit. All we need is a good partner and the money, and we can directly transfer the title of the contract. If you know any good, strong companies, we will be very glad to co-operate with them," Mr Wang said.



Thomson: beaten broadcasting baron

Moscow relaxes rules for business visas

BY QUENTIN PEEL IN MOSCOW

THE Soviet Union yesterday announced a relaxation in the visa requirements for foreign businessmen, in an apparent further move to attract foreign investment in joint ventures.

From May 1, visas will be available within 48 hours for visiting businessmen with an invitation from a Soviet organisation, and multiple entry visas will also be available, an official said.

However, the new deal still left

confusion among resident businessmen and diplomats in Moscow about how broadly the new rules would be applied and whether they would apply to Moscow residents.

The immediate assumption was that the liberalisation would be used to help companies embarking on joint ventures, but the issue of multiple entry visas to resident businessmen would still depend on an arrangement

with their home country.

Mr Oleg Avramenko, first deputy director of the consular directorate of the Soviet Foreign Ministry, said the new rules would relate only to business and scientific contacts.

Another concession would allow businessmen on first-time visits, who have therefore not had the chance to get an invitation from a local contact, to visit the country on a tourist visa.

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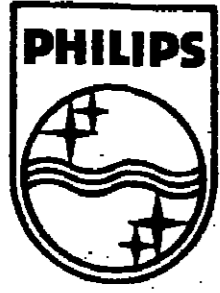
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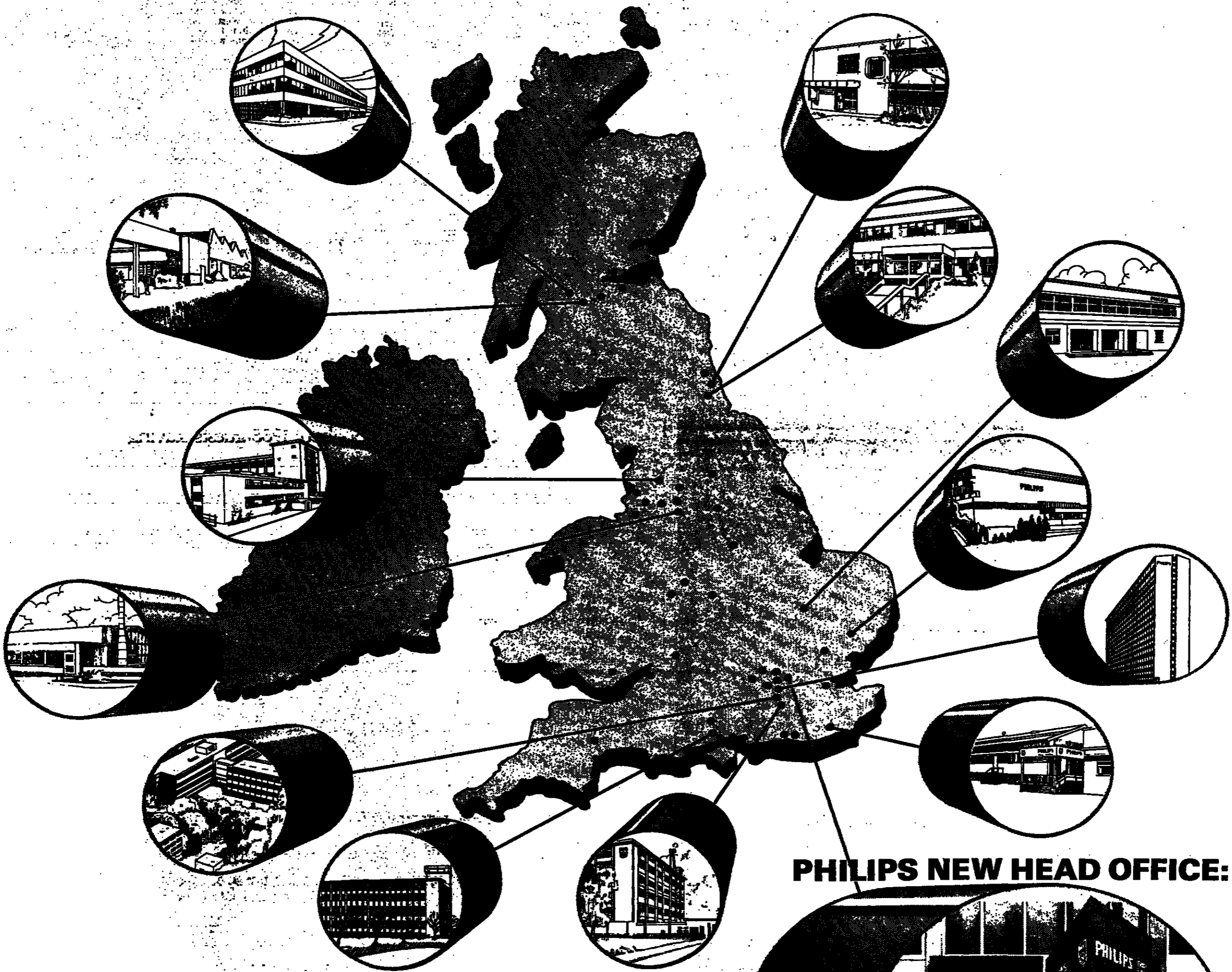


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Pound dampens industry's upbeat view of economy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE Confederation of British Industry yesterday delivered an upbeat assessment of the performance of Britain's manufacturing industry, but warned that sterling's appreciation would threaten export prospects.

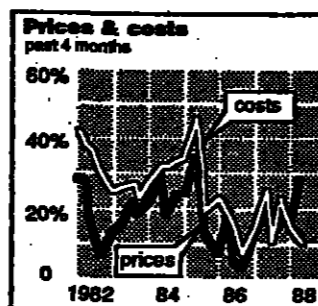
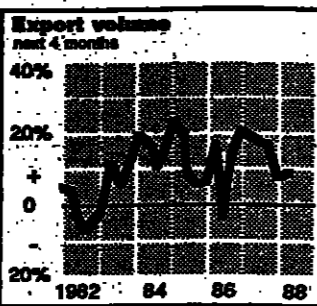
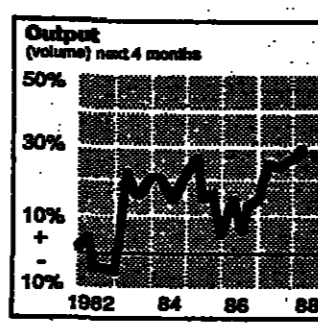
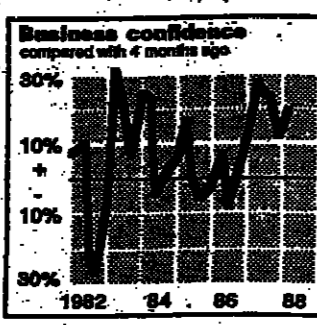
The CBI's latest quarterly Industrial Trends Survey indicates that manufacturing output is still rising strongly, with companies confident of further gains in coming months. The pound's rise has yet to have a significant impact on overseas sales, while industry is still benefiting from buoyant domestic demand in the economy.

During the past four months output and orders appear to have risen faster than at any time since the mid-1970s, while the general mood of confidence is reflected in signs that investment spending will increase strongly during 1988.

Exporters' optimism, however, has been dented by sterling's appreciation and the CBI said the pound was now at the "very top" of any range acceptable to industry.

The survey appears to cast doubt on the accuracy of official figures showing a sharp fall in manufacturing output during February, although the CBI said it expected the pace of growth to moderate in coming months.

It also puts a further question



mark over official trade statistics for January and February, which suggest a sharp increase during those months. The figures for March are due on Friday and will be watched closely by financial markets.

Less encouragingly, yesterday's survey suggests a pick-up in the pace of price increases and points to a tightening in capacity utilisation. The CBI sought to dismiss any suggestion that capacity constraints might signal that the economy was close to overheating, but fewer companies are

working below their capacity than at any time for 30 years. Overall, the survey is likely to add to uncertainties over the timing of an expected slowdown in the growth rate of the economy this year. So far, the signs are that the pace of expansion has remained more buoyant than expected by the Treasury or by most independent economists, although the CBI said that more recent discussions with its member companies did point to a more moderate growth rate in coming months.

Aviation body to study air congestion

By Michael Dome

THE Civil Aviation Authority, the UK air transport regulatory agency, has launched a study of ways to cope with the expected continued growth of air travel into the next century.

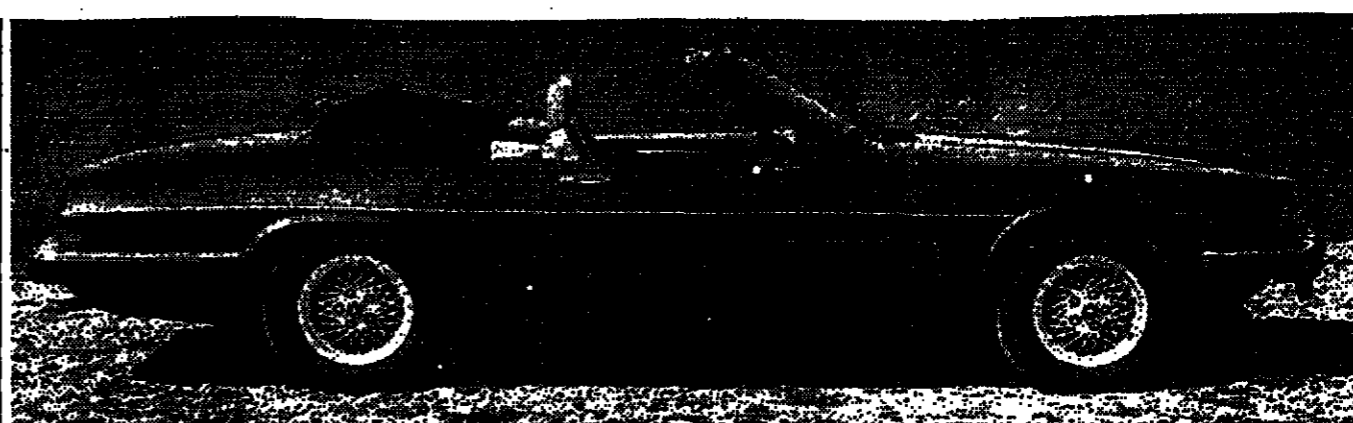
The study could leave the Government having to make difficult reappraisals of some existing aviation policies as a matter of national priority, Mr Christopher Tugendhat, chairman of the CAA, told the House of Commons transport committee yesterday.

The committee is studying air traffic management after recent public concern about near misses in the air. The CAA's evidence, a 102-page memorandum, stresses that aviation safety is improving, even though traffic is increasing. According to the CAA, last year there were 56 air-misses in commercial air transport against 61 in 1986.

The CAA says, however, that it will study ways of easing problems of limited airspace. Possibilities include easing some environmental restrictions, such as those on night jet flights, the use of bigger aircraft and making discriminatory charges against some types of air traffic.

It also suggests considering reserving larger areas of airspace exclusively for commercial air transport and restricting airports to specific types of traffic rather than allowing them all to become big hubs serving all destinations as at present.

The CAA should make recommendations to the Department of Transport by the end of summer. It recognises such radical solutions lie outside the CAA's statutory power and that the Government will thus be obliged to act. The CAA says that it will be spending £200m from now until the early 1990s on improving the air traffic control system. Aviation fears, Page 12



The XJ-S V12 Convertible: recreating a Jaguar tradition in open-top sports cars

Jaguar on wind-blown road to exclusivity

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

JAGUAR, the UK luxury car maker, returns today to one of the most exclusive niches of the world car market with the launch of its XJ-S V12 Convertible, one of the world's fastest open-topped cars, and the first convertible the company has made since the E-Type ceased production in 1974.

It is the second new car Jaguar has launched since its privatisation in 1984 and follows the long-awaited arrival of the XJ6 saloon, the group's most important car, in October 1986.

The XJ-S convertible, developed from Jaguar's 13-year-old XJ-S grand tourer coupé, recreates a Jaguar tradition in open cars, which started with the S100 in 1926 and was continued with the XK series of convertibles in the 1940s and 1950s and finally the E-type roadster.

As part of its ambitious recovery plans Jaguar, is also working on the development of a new model range, a genuine sports car codenamed the XJ41 or F-type, but that is not scheduled for launch until 1992-93.

The XJ-S V12 Convertible with its 5.3 litre engine and a claimed top speed of 150 mph (241 km/h) - acceleration is 0-60 mph in 7.9 seconds - is to be priced in the UK at £28,000, pushing Jaguar to a new price level in the luxury car sector. The car has been very much

tailored to the tastes of US luxury car buyers, by far Jaguar's most important market, accounting last year for 49.2 per cent of Jaguar's total new registrations worldwide of 46,512 cars.

More than half this year's forecast sales of around 6,000 XJ-S Convertibles is planned for the US - the launch will be in June - with more than 80 per cent destined for export markets. Jaguar expects sales of the new car significantly to exceed 5,000 units next year, helping to expand the market for the XJ-S range to a record 12,000 cars, from less than 1,000 in 1980.

As Jaguar ambitiously increases its output from 48,020 last year to a planned 66,000 cars in 1988 and more than 60,000 next year, sales of the new convertible are expected to rise to more than 7,000 a year, with the US eventually accounting for 55 per cent of worldwide sales and the other key markets of the UK, Canada, West Germany, Japan and Australia accounting for a further 35 per cent. Jaguar hopes to sell 600 convertibles in the UK this year rising to 1,000 in 1989.

Although it is working hard to develop its markets in West Europe and the Far East, the group has little choice but to rely heavily for sales of the new convertible on the US, which last year accounted for around 70,000 of the 100,000 luxury sports cars

automated guided vehicle system for the Castle Bromwich body assembly plant. Karmann also built the fully engineered prototypes.

Jaguar has invested around £25m in the complete development programme, which has involved changing or modifying around a third or 156 of the original XJ-S body panels.

Led by its market research, Jaguar says it has sought to build the new car's image around "glamour, performance, prestige, exclusivity and classic elegance."

Not surprisingly, the likely customers around the world will be affluent - in the UK probably over 35 years old and a starting salary in excess of £35,000-£40,000 a year. But according to Jaguar, they will also be "ambitious, successful entrepreneurs and professionals, international in outlook and cosmopolitan in taste."

With the new F-type sports car currently under development, Jaguar is seeking to expand its appeal to slightly younger customers. "What we have to do when we expand the range is to look for a car that appeals more to the baby boomers, the 40 plus rather than the 50 minus," says Mr Roger Putnam, sales and marketing director, "there is room, especially in the US, for a more sporty car echoing the E-type and the XK series."

P&O dismisses 720 seamen as ferries prepare to break strike

BY CHARLES LEADBEATER IN DOVER AND JIMMY BURNS IN ROTTERDAM

DISMISSAL notices were delivered yesterday to 720 Dover members of the National Union of Seamen who are still in dispute with P&O European Ferries over its plan for revised working practices and redundancies.

P&O said it was confident that two of its 11 ferries would today put to sea from Rotterdam to break the three-month Dover strike.

The sailings seem likely to coincide with a High Court hearing in London, which threatens to break the tie.

The NUS will learn whether it is to be fined or sequestered for contempt of court, after a 300-strong picket at Dover's Eastern docks yesterday prevented two British Ferries ships from sailing.

The company yesterday won a court order for the union was in contempt of an earlier injunction, which was issued over unlawful secondary action against Sealink ferries. The sailings were cancelled after pickets persuaded a handful of Sealink crew not to go on board.

The picket had begun at 8am in good humour, with a police superintendent greeting the line, on the docks alpsroad, with a warm "good morning gentlemen."

But mixed with the good humour was a heated argument about what lay ahead. "If they get a ship going it might stir firm, it might crumble - we just do not know," admitted one picket, whose only income during the strike has been £50 from the union and £35 in social security. Others talked about drawing £2,000 from savings and of



Sam McCluskey, seamen's leader, directs the Dover pickets

lengthy talks with their building societies about unpaid mortgages. At 8.20am women who were attempting to persuade drivers not to enter the docks, noticed a P&O lorry approaching. The pickets were called from the pavements and flowed through the police lines where they formed a blockade in the middle of the road.

As police began to shepherd the pickets to the side of the road, a German lorry driver decided to forge through at speed, sending police, cameramen and pickets flying.

There were scuffles and heated arguments as the P&O lorry finally edged its way forward and broke through. Not all pickets involved were seamen, as one picket admitted: "They have just pulled out a load of Kent miners."

But it seems the union's show of strength, which it plans to

repeat this morning, strengthened by a throng of seamen from around the country, had little impact on the company's planning.

Harbour authority officials at the Wilton Feyenoord docks said last night that they had been told privately that the company was planning to put the Pride of Bruges and the Pride of Kent to sea today. This followed the arrival of 30 more officers and ratings from the UK. A third ferry may follow by the end of the week.

P & O said they had rostered Dover-based seamen to replace the crews once they arrive at the port. The company said 1,100 of the 2,200 seamen involved in the dispute had accepted the its revised working practices. After contacting the men yesterday it was confident most would be prepared to cross picket lines to resume work.

Insurer issues no payout policy for AIDS deaths

By Eric Short

LEADING UK composite insurance group Commercial Union Assurance Company yesterday announced the creation of a new type of a life assurance policy which excludes payment if death occurs directly or indirectly from AIDS (Acquired Immune Deficiency Syndrome).

This is the first time a life company has issued a contract excluding payment of claims on death arising from a specific cause, other than suicide.

The move has caused a certain amount of consternation in the UK life insurance industry, in particular the reinsurance companies.

The impact of AIDS is resulting in life companies making substantial increases in the cost of life protection, with term assurance premiums often more than double those companies which have already announced new rates.

Mr Peter Ward, deputy general manager and UK divisional director of CU, said that the group had been looking at means of mitigating the impact of AIDS on premium costs and was launching the new policy from the middle of next month to see if there was demand for the product.

At this stage it seems doubtful whether other life companies will follow the CU lead, due to the practice problems of ascertaining the cause of death.

Shakeup proposed for commercial TV

BY RAYMOND SNOODY

THE Independent Broadcasting Authority yesterday unveiled radical proposals for the future of commercial television in the UK, including a yellow and red card system to discipline companies breaking the rules, and backing for a fifth channel financed by advertising.

The IBA proposals, sent to the Government yesterday, also envisaged a new kind of publisher-contractor who would be able to apply for franchises without owning studios or employing programme makers directly.

Lord Thomson, chairman of the IBA, said yesterday that although both ITV companies and advertisers had important and legitimate interests in commercial television "the overriding interest is that of the British viewer."

It was the IBA's duty to safeguard that interest during a period of technological change as new land-based and satellite channels were introduced.

"More need not mean worse. But if it is to mean better it requires conscious decisions by Parliament," Lord Thomson said as he launched Independent Television in the 1960s a policy document that has been under consideration since last autumn.

In a move to try to head off Government plans to put ITV franchises out to competitive tender, the IBA proposed the introduction of a tax on advertising revenue for the new franchises beginning on January 1, 1993,

together with the existing levy on profits which would decline as competition increased.

As an alternative, the IBA also put forward its own proposal for a form of tendering involving the valuing of each franchise but with the final judgment made on programme plans.

Apart from the proposals announced yesterday, the Authority is also planning studies on a number of issues.

Some members of the authority, it is believed, wanted it to be possible to take over ITV companies, subject to some restraints. This was seen as a possible alternative to competitive tendering.

Instead the majority decided further consideration should be given to whether the present limits on the size of shareholding in ITV companies - usually 10 per cent without special dispensation - should continue and whether the takeover of ITV contracts should be allowed.

Research and public consultation on the regional boundaries of the ITV companies will be carried out in 1989 but Lord Thomson expressed faith in the existing regional system.

"On the whole, the information we have at the moment indicates that the advertising revenue is likely to be buoyant enough to maintain a very strong regional system if not identical with the present one," said Lord Thomson who is due to retire as IBA chairman at the end of this year.

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50th ANNIVERSARY Canon

The past 50 years have seen Canon's innovation and quality make it one of the fastest growing companies in the world. In its anniversary year, the emphasis is on progress towards becoming a global corporation in a new phase of internationalisation. ROBERT HELLER assesses Canon's past, present and future.

THE history of Canon can serve as a one-company demonstration of how Japan took its long march to the forefront of the world economy. In many respects, the company, like Japanese industry in general, is a post-war phenomenon, a technology-led business which has advanced far beyond its original core in cameras, not only into other related products (optical equipment), but into peacetime diversification in quintessentially modern industries - in Canon's case, business machines. In its multinationalism, its pursuit of unique technologies and its global branding, Canon is a prime example of the national thrust into world markets. But its history, again like that of Japan's manufacturing success generally, has industrial roots that far antedate the national economic miracle. The story began many decades before Japanese manufacturers were taken seriously by Western rivals. Rivalry, however, was its start, in the typically optimistic belief of some young Japanese enthusiasts that they could actually produce a 35mm camera that would stand comparison with the fabled Leica. That was in 1933. Two years later, they had proved their point, and two years after that the Precision Optical Industry Co. Ltd, and with it the official history of Canon, got under way.

Today, not only is Canon the world's leading camera manufacturer, but the driving force of matching and, if possible, exceeding the best of the competition has never waned. Not that Canon's progress (or Japan's) has been a continuous, triumphant advance. The stunning

successes of the 1970s and 1980s, when Canon branched out overseas, moved into cinematography and television, and cracked xerography's hold on the copier market, outgrew the company's management capacities. The resulting crisis, in which Canon actually failed to pay a dividend for one half-year is still regarded internally with some horror (thirteen years later, but in retrospect it marked a second birth for the company).

Under a new president, Ryuzaburo Kaku, Canon re-created its management systems, replacing those which had let it down: still more important, it found a new corporate aim - to become "a premier Japanese company".

Kaku had no doubt, either, about which roads to take to that destination. As a young manager, he had noticed how, whenever Canon introduced a new product, profits surged forward. Whenever innovation lagged, on the other hand, so did earnings. Since 1976 (when the "Premier Company Plan" started), the spate of new products has been unending - in cameras, videos, copiers, micrographics, laser beam printers (one of Canon's latest market leaders), facsimile, electronic typewriters, semiconductor production equipment, medical equipment and much else besides.

The Plan hinged virtually on sustaining a flow of research and development into these new products, through the manufacturing plants, and then out into the marketplace. Kaku therefore set up three "conceptual pillars", separate but interlinked systems, running horizontally across the company and known as R&D, Production, and Marketing. R&D is charged with research and creation of new products and technology, CFS with achieving optimum quality and rationalisation in all facilities, and CMS with operating "a scientific and systematic marketing plan to provide personalised service to every Canon customer".

Canon set up a French operation which now makes copiers, electronic typewriters and facsimile transceivers, while another American operation, in Virginia, produces copiers. With manufacturing joint ventures in the Republic of Korea and in Italy (partnered by Olivetti), and licensed plants in India and China, Canon has advanced quite briskly towards becoming truly global - and the intention is to take the global process further by establishing R & D centres in its markets as its national companies develop into free-standing businesses within the global corporation.

The three pillars support three product groups: cameras, business machines and optical products, each consisting of specialised divisions (like video products, business systems, or broadcast equipment) and each operating as an independent vertical profit centre. Canon, which constantly revises its internal structure, prides itself on this "unique" matrix organisation, which has certainly served well in its advance through the objective of "renewing Japanese company" to the next ambition of premier "global corporation".

By the standards of today's global giants, Canon is not especially large, although 1987 sales of 976,000 million yen (64,250 million) are impressive enough, especially when compared to the 195,000 million yen of 1977: over the first decade of the Plan, profits grew 22 times, and sales eightfold. This surging expansion has been accompanied by a vast increase in Canon's R&D - a 100 per cent increase in 1987, to 10,000 million yen.

Instead, Canon will exchange its unique technologies with those of other companies as it pursues its global ambitions. Nor is this the only way in which Canon is embracing change as it adjusts to fundamental economic developments. Well before the year entered the steepest arc of its upward curve, Canon had seen the necessity of moving manufacture into its markets. The new phase of "internationalisation" as Kaku calls it was initially prompted by the trade imbalance (and trade friction) between Japan and the chief countries where Canon sells. The company had in fact opened its first factory in West Germany, to make copiers, three years before the Premier Company Plan got under way - the plant, at Giessen, was the second overseas factory, following the 1971 establishment of a camera facility in Taiwan.

A year after Giessen, in 1974, a Californian plant opened to make copier consumables and other products. Nine years later

The policy doesn't sound dissimilar to that followed by the American corporations when they first branched out across Western Europe and the Pacific in the post-war period. They too saw the need for local manufacture, sometimes backed by local R & D. Canon's ambition in becoming a "global corporation" is to rank among the US-based giants (and the few Japanese groups which have joined them). But there is a big difference between Canon's situation (not to mention its philosophy) and that of the post-war creators of "the American Challenge". Canon begins from a position of having a vastly greater proportion of its business overseas - under a quarter of its sales are made in Japan, less than in either North America or Western Europe.

From this far more multinational complexion, Canon aims to create something going well beyond its models. It has devised a programme called CIF, or Canon Into the Future, "to encourage all our employees to think about future potentials and possibilities... and launch (Canon) into the 21st Century". The corporate strategy will focus "on Canon's transformation into a global corporation" and "is aimed at making the Company a permanent and integral part of its worldwide host communities and contributing to the prosperity of all nations through the provision of meaningful employment, reinvestment of profits, and support of human welfare activities".

While Canon is by no means oblivious to the public relations value of these expressions of aim - by supporting community sports like English soccer, it would be a great mistake to suppose that it doesn't mean what it says - or that it won't do as it says. Its whole history, from that moment in 1933 when those young men decided to outdo the Leica, has been one of naming objectives and proceeding to meet them. The first 35mm camera was an extraordinary achievement for people who had neither experience of the industry nor any technical guidance. It sowed the seed for Canon's later habit of setting itself stretching technological targets.

It hasn't always been first, even in its base territory of photography; in auto-focus compact cameras and again in auto-focus single lens reflex cameras, other companies led the market. In both cases, Canon eventually established what has become its seemingly inevitable leadership - though its EOS autofocus camera had to incorporate significant advances in technology to recapture that lead in S.L.R.s. But defeat in cameras would not doubt be unthinkable to Canon's management, even though this

division now accounts for only a fifth of sales. Three-quarters of today's sales are in office automation, an area where Canon is investing heavily to achieve leadership in both stand-alone machines and the systems which will combine them in the office - and the home - of the future.

Equipment like the Color Laser Copier, which in 10 months of 1987 outsold entire Japanese sales total for the previous eight years, is remarkable enough; but the still faster models of 1988 use an original Canon technology, the bubble-jet system, to achieve standards of reproduction that were once thought impossible. This swift progression illustrates the overall strategy, which, true to Kaku's original perception of the nexus between innovation and profit, is to use the company's broad range of available technologies to devise a constant flow of new products and upgrades in order to satisfy market needs.

Canon is highly sensitive to the latter, its Personal Copier, for example, embodied some revolutionary technological ideas, but sprang from the American marketing company's glimpse of a gap in the market. The new technologies on which Canon is currently working thus give an insight into its view of where future markets lie - and, if Canon is right, they will be far more exciting even than today's revolutionary changes in business automation.

The work includes artificial intelligence, or AI - the simulation of human thought by electronics; expert systems utilising a database to simulate human decision-making in specific fields; superconductivity, the rapidly emerging technology which could have enormous consequences in electronics and electric power generation; and many advanced materials and processes which may have dramatic effects on future products reaching the marketplace.

Some have already arrived: the X23 calculator for example, which responds to numerical written anywhere on its panel is a forerunner of what AI will supply to some future generation of business machines. Hardware has thus been joined by software as "a major focus of product development", which will be used to "weave" its business machines and technologies "into new, integrated systems that meet total customer needs".

This emphasis on "needs" is an essential element in a four-part "Canon Creed" which goes beyond "profits" to the concept of a "corporate wealth" that embraces human values as well as money. This humanism also has deep roots: Canon was one of the first companies in pre-war Japan to remove the distinction between blue and white-collar workers.

Its principles are as hard, actual and visible in its management style as the profit motive: or as the technological dedication sowed by those young men whose camera dream has turned into so enduring a reality.

© Robert Heller is Editor-in-Chief of Finance magazine and the author of a number of books on business and management.



Canon's integrated Research Centre in Japan, where work is carried out to improve existing technologies and pioneer completely new ones.



Profile of Ryuzaburo Kaku - page II

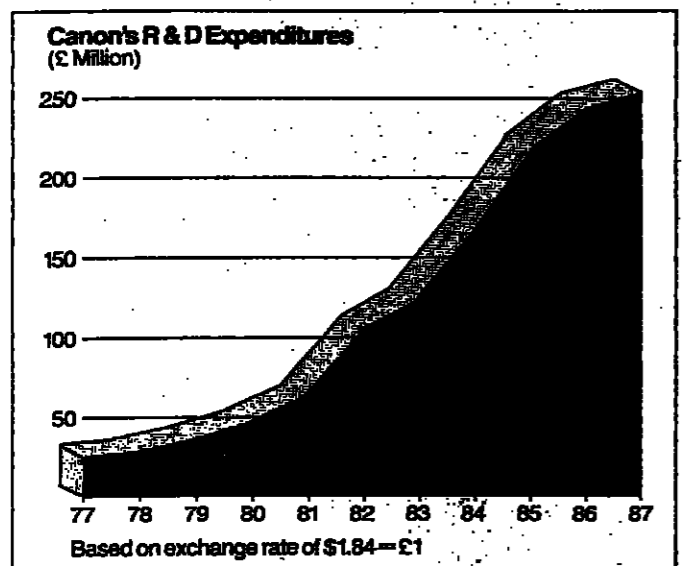
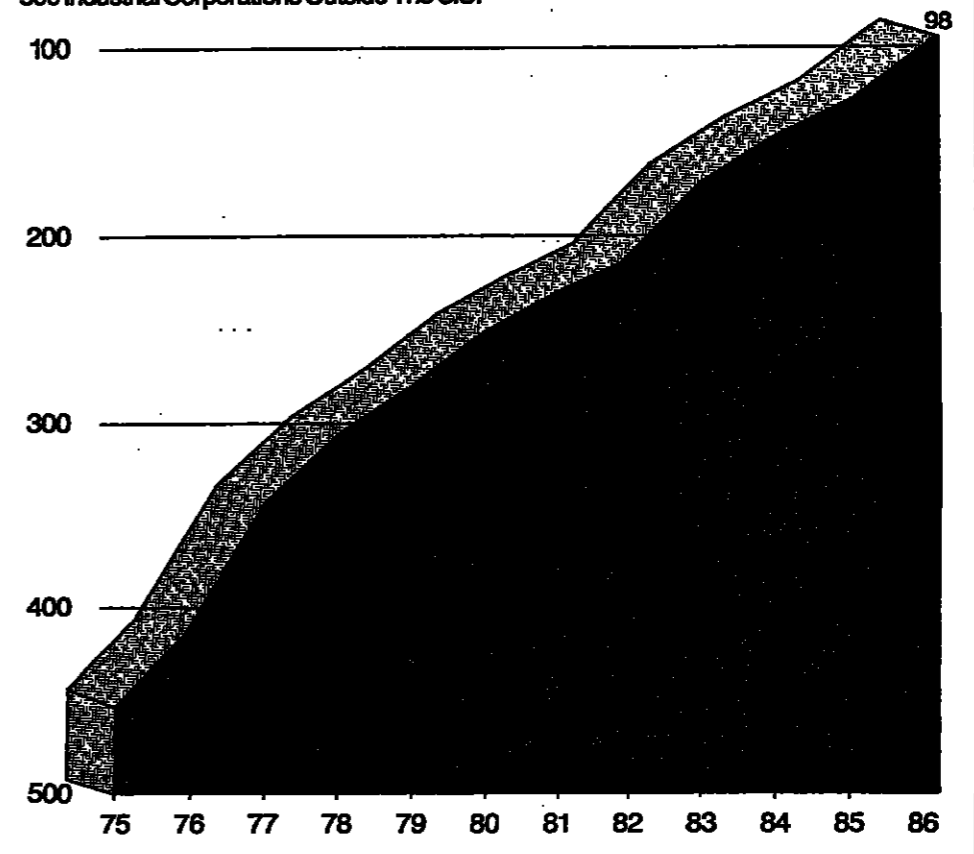
Valuable ally on the Euro scene - page II

Fifty years of productive landmarks - page III

Developing fresh ideas - page IV

Soaring success of innovation

Canon's Growth As Reflected In Fortune Magazine's Annual Ranking Of The World's Top 500 Industrial Corporations Outside The U.S.



Prince Charles opening Europe Expo

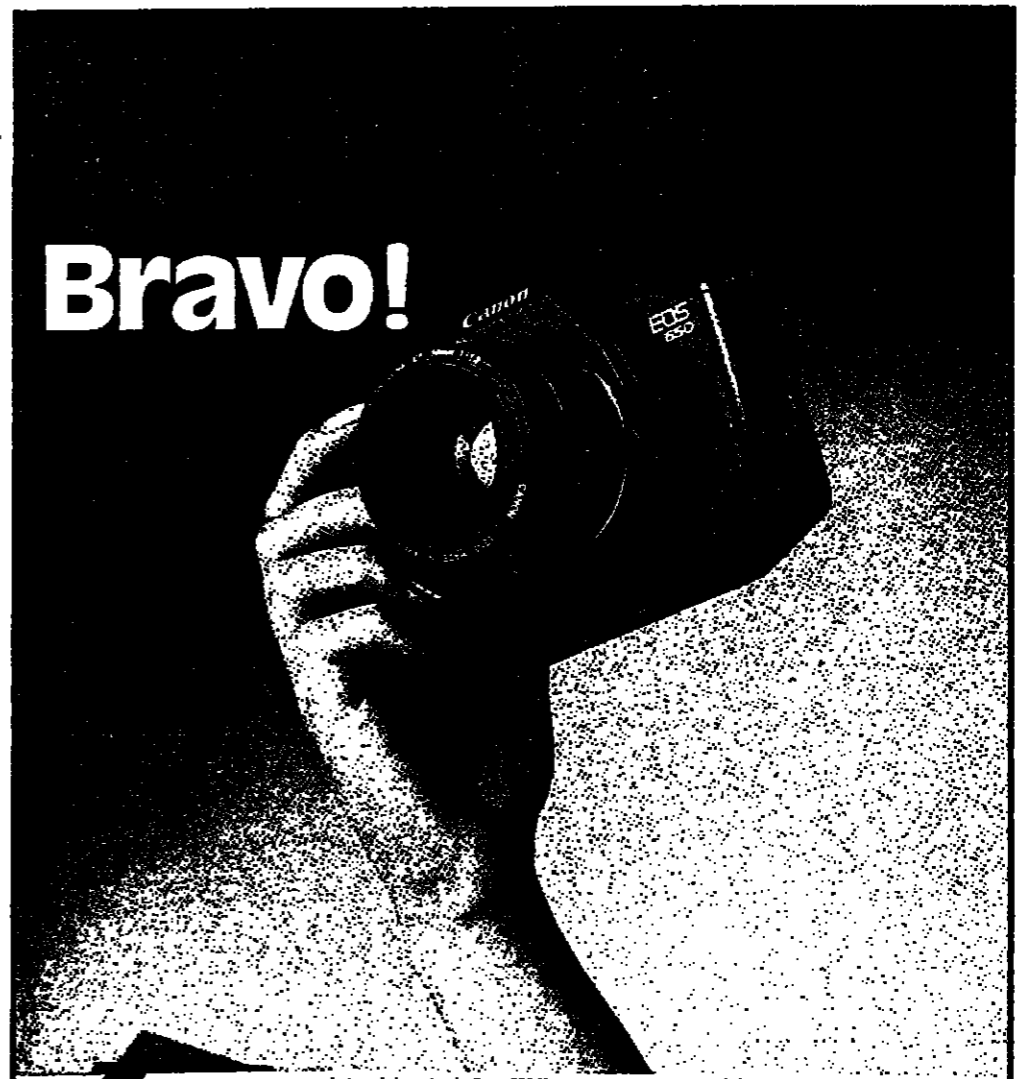


HIS Royal Highness The Prince Of Wales today opens Canon Expo Europe '88, a four-day Canon 50th anniversary exhibition for invited guests from all over Europe at London's Queen Elizabeth II Conference Centre in Westminster.

Exhibits include not only a wide range of current products in the consumer, business, medical and industrial areas, but also displays on Canon's advanced research into new technologies such as artificial intelligence and laser fusion. The Expo has previously been staged in Tokyo, New York and Los Angeles.

Prince Charles opens the event as President of the Prince's Trust, and Ryuzaburo Kaku, President of Canon Inc., is to present the charity with a donation and 50 Canon Communicators - compact tape writing machines which provide a simple but effective means of communication for motor-impaired and speech-impaired people.

It hasn't always been first, even in its base territory of photography; in auto-focus compact cameras and again in auto-focus single lens reflex cameras, other companies led the market. In both cases, Canon eventually established what has become its seemingly inevitable leadership - though its EOS autofocus camera had to incorporate significant advances in technology to recapture that lead in S.L.R.s. But defeat in cameras would not doubt be unthinkable to Canon's management, even though this



Canon EOS Powerlite/AutoFocus S.R. Last year, Canon introduced the revolutionary autofocus S.R. camera to the world. In the field of amateur and professional photography in Europe it has swept the awards board. It received the honor of being chosen European Camera of the Year by over 100 European editors plus the new Technical Innovation Award presented for the successful incorporation of ultra-quiet motor as drive units for the shuttering in some of the 17 lenses. Additional awards quickly followed: in the UK the EOS 89000 received such accolades as Practical Photography magazine's Camera of the Year, S.R. of the Year and Innovation Award and Camera Weekly magazine's 35mm Reflex Camera of the Year. But Europe was not the only area to honor such titles as the camera gained up the prizes in Japan, Canon Camera Photo Award. All these awards underline the view that the EOS system is pushing the way to the future photography.

The Camera of the Year

II

ADVERTISEMENT

Canon

50th ANNIVERSARY

A valuable ally on the developing Euro scene



Kaku — reaping seeds of change

ELEVEN years ago a small, quietly spoken man took over Canon and started a revolution. He had been sowing seeds of change in the company since joining in the mid-1950s, first in 1977 Ryuzaburo Kaku was offered the chance to become Canon's President and prove his radical theories. He took the challenge and promptly unveiled what he called "The Premier Company Plan".

A decade ago Canon was a Japanese company known primarily for its camera products and it was facing adverse trading conditions. Today the company is a global entity with products ranging from *Sony* and video cameras to copiers and laser printers to diagnostic medical equipment and microchip-producing mask aligners.

Canon now manufactures, researches and markets products throughout the world, producing 70 per cent of its revenue outside of Japan.

In the jargon of the West, Kaku has "turned Canon around". He did it by quiet persistence and through a personal vision Japan without laying off which will strike many Western managers as unusual.

PROFILE by Ray Hammond

As a basic tenet, 61 year old Kaku believes that the only acceptable reason for a major corporation to exist is to make a contribution to the society which supports it - in this case the global society. For Kaku, that contribution doesn't stop at providing jobs and high returns for shareholders, it extends out into the community providing goods and services which enhance both life and productivity.

The Canon which Kaku took over was very different in style to the corporation he has built on these foundations. He describes it as being "sluggish" and "full of bureaucratic attitudes which drained the organisation of its ability to respond to changes in the operating environment." What he means is that Canon was in deep trouble and had no answer to competition which was emerging world-wide.

Kaku's plan called for complete restructuring of the company. But first he made clear the basic philosophy he shared with Canon: he wanted to build a company which further upheld human rights and dignity while striving to build better technology and products through innovation.

In a meeting Kaku appears shy and, in typical Japanese style, very anxious that his guest should feel at home. But his dominance within Canon is underlined by his extraordinary grasp of both the global issues and the day-to-day detail of running Canon.

In the last two years Canon has faced a crisis every bit as serious as the one which afflicted the company when he took over. The Japanese government's laissez-faire attitude towards trade surpluses forced the western nations to respond and the entire upwards re-evaluation of the Yen ("endaka") which resulted from this policy has hit all international Japanese corporations.

In 1986 President Kaku announced that the Premier Company Plan, which was in the final year of the second phase, be carried out as planned but with some major changes. A private plan to hand on the Presidency and assume the Chairmanship to devote more time to other activities such as writing was postponed so that he could personally see the company through the difficulties.

Policies initiated to combat endaka included promoting sales in the Japanese market, cutting expenses in sales and administration, increasing R & D expenditure to develop high value-added new products and technologies, and capital outlay for overseas production facilities. Kaku became an outspoken critic of current Japanese economic policy and he led his company in a radical solution - he began the transition of Canon from a Japanese-based multinational into a company which belongs to all the countries in which it trades.

Under his direction the company is manufacturing and marketing with local staff to produce profit for local use. His efforts at combatting the problems caused by the re-valued yen are succeeding!

Surprisingly, Kaku has been able to rescue Canon from the difficulties caused by endaka without closing factories in formerly-held Japan and without laying off Japanese workers. The start-up increase in domestic and international trade and the resultant earnings in global currencies occurred following a bold increase in international investment and R & D. This step was courageous at a time when income was slumping and the company was contemplating losses for the first time in a decade.

Kaku's vision of a company which regards its people as a prime resource and which wants to produce goods which benefit mankind has its root in the President's own experience.

Few people know that he is a survivor of Nagasaki and, as a conscripted student working in the shipyards, he was responsible for saving the lives of eight fellow workers in the aftermath of the bombing. As a 19 year-old student Kaku had been studying atomic physics at college before being drafted, and fearing that the strange explosion might be nuclear, he used his knowledge of radiation theory to persuade his co-workers to wait in an underground tunnel after the impact.

They later made their way to a dormitory and stayed there for three days, disregarding an order to go to the scene of the explosion to dig out machinery from a destroyed factory, and thereby avoiding the almost certain fatal effects of fall-out. The scene of hell-like devastation they witnessed on the fourth day had a lasting effect.

Today, Ryuzaburo Kaku is understandably proud of Canon's continuing efforts to produce goods of social as well as commercial value. His attitude is best summed up by his view of Canon's research project to build more efficient solar cells for converting the sun's natural energy into electricity.

"I believe that a company has to contribute to the society in which it operates as well as earn money from it", he told me. "One of the areas of which I am most proud is our research into developing more efficient solar energy cells. They can be used to produce products which truly benefit both society and Canon."

© Ray Hammond is a well-known journalist, author and broadcaster on high technology.

AT 7.15 am every weekday morning, some 400 West Germans living in and around Giessen near Frankfurt start work at one of the largest and most integrated copier plants in Europe.

More than 50% of them have been employed there for between five and ten years, and over 80 supplier companies within Europe provide services and parts for the copiers they manufacture. More than 6700 Europeans are employed directly to market, sell and service those and other machines, and many more are employed indirectly by distributors and dealers throughout Europe who handle the products.

The plant in question is Canon Giessen GmbH, formed in July 1972, and now manufacturing most of the Canon NP range of office copiers sold by the company's subsidiaries and distributors within the European Community.

It was formed when the assets of an insolvent copier technology company were acquired by Canon Inc., and began producing the company's then revolutionary plain paper copiers in 1973, just one year after they had first been introduced to the world market.

Says Ryuzaburo Kaku, President of Canon Inc., "When we first began production in Europe there were no compelling economic reasons to transfer this original technology. But it is our established policy, in line with our basic corporate purposes, to participate to the fullest in the development of the societies which we serve through our products."

"It was in this same spirit that we responded to invitations from the French government to establish a personal copier factory at a development site in the suburbs of Rennes in Brittany."

This second plant in Europe is Canon Bretagne S.A. at Liffre, established in 1983, and now also producing electronic typewriters, cartridges for copiers, facsimile machines, and desktop laser beam printers, with a steadily increasing workforce of about 430 people.

Since Canon established its first subsidiary in Geneva in 1963, the company's investments in Europe have mounted steadily and now exceed \$100.8 million. With each successive development of original copier and electronic typewriter technology, it has systematically invested in European manufacture of innovative products.

By 1987, total Canon sales in Europe had reached £1,467.3 million, having risen by 28.3% annually since 1983. An increasing share of sales has been generated by Canon's advanced office automation equipment, faster efficiency and growth of European business in a broad range of its activities, and rendering it a more competitive force in the world economy.

In 1987, Canon's various European operations generated wealth valued at £272.6 million, virtually all of which remained in the respective countries as a net contribution to their economies. Nearly 56% was paid out in local wages and benefits, and nearly 22% in rents, taxes and local financing charges. Profits were not repatriated, but re-invested.

And as Canon expands its manufacturing and technical activities in Europe, the Community share of the total value added from its original product and processing technology is continually rising.

Accordingly, its employment of European services such as advertising, sales, promotions, travel and shipping grows apace. In 1987, Canon's payments for these services amounted to £101.6 million. In addition, more than £16 million was paid to European financial institutions and realtors for their services.

To encourage even broader European participation in, and benefits from, Canon's wealth-creating activities, the parent company offered convertible bonds in Europe as early as 1963, and has listed its shares on the Luxembourg and Frankfurt stock exchanges.

As of December 1987, foreign shareholding in Canon was approximately 11.06%, more than 61.6% of which was held by European investors. A long-term

goal for Canon is to develop its subsidiaries into integrated companies in Europe, encompassing a full range of activities from R & D to sales and service support, and then to list their shares on appropriate stock exchanges for the benefit of European investors.

In terms of people, the number employed in Canon's European activities has grown at a compound annual rate of 8.5% and now stands at more than 4,700. In the UK, for example, the number of people employed directly by the British subsidiary company has grown from just a handful in 1976 to over 140 today.

At Canon Giessen, the size of the workforce has increased four times since 1973 and the plant has grown to occupy around 45,000 square metres of land. A new factory was completed in 1985 to update production technology and to accommodate all German-made machinery, and the area covered by buildings is now 21,000 sq.m.

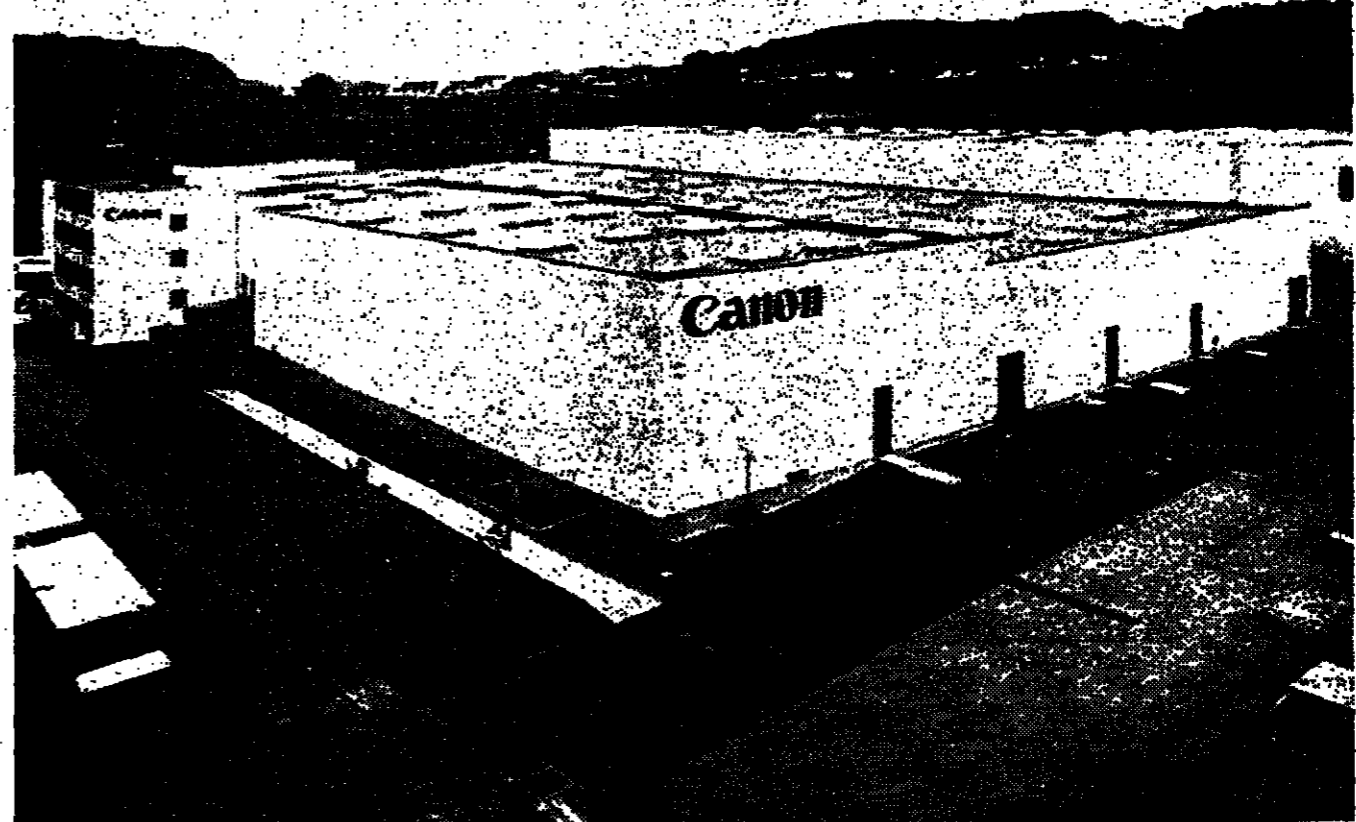
Copiers in the "3", "4", "7" and "8" Series are manufactured at Giessen, together with components and supplies such as photosensitive drums, the heart of the plain paper copier. High precision automatic machinery to manufacture these, developed by German and Japanese engineers working in tandem, have been custom-produced in Germany to Canon specifications.

Production currently stands at some 4000 copiers per month, and local parts purchased from within the European Community include moulded castings, lids, plastic glass, print boards, voltage regulators, fixing rollers, solenoids, DC controllers, halogen lamps and low voltage electrical sources.

All the machines manufactured at the plant qualify for the "Made in West Germany" mark, and an R & D department is currently being developed on-site to further investigate alternative materials and other options for locally produced parts.

In France, Canon responded to the French government's invitation by acquiring a 150,000 sq. metre site at Liffre and established Canon Bretagne S.A. in August 1983 with a capital of 50 million francs. Production started with personal copiers in the latter part of 1984, and in March of the following year Mr Kaku was awarded the decoration of "Officier de la Legion d'Honneur" by the French government in recognition of Canon's contribution to the development of the Bretagne region.

Since its formation, construction at the plant has been almost continuous with the addition of further production lines for other products. To finance this rapid expansion, the capital of Canon Bretagne has been increased to 170 million francs.



Canon's copier plant at Giessen, West Germany, is one of the largest and most integrated of its kind in Europe.

This growth also entails substantial increases for local supplying of parts, goods, services and automated production equipment, as well as indirect work through the many French companies supplying Canon Bretagne - firms which are employing a large number of highly skilled technicians.

European machinery for manufacturing printed circuit boards is particularly advanced. Canon Bretagne is the first Canon factory to use a laser guiding system for their assembly, which shows employees where to insert chips on the board. The machinery for testing the finished boards is also European made.

Canon's approach to the management of advanced technologies is multipurposed. It aims to further extend its own store of original technologies; to master existing technologies not yet included in the Canon reper-

tory; to intensify its pursuit of basic knowledge at the frontiers of science and technology; and to share its innovations with people around the world.

In pursuit of these objectives, Canon's R & D spending has risen approximately 240.5% since 1983, a reflection of the emphasis the company places on creativity.

This technological advance has been reflected in the rapid rise of Canon's revenues from licensing, which in 1987 were approximately 9.6 times the payments to other firms for licenses. Today, for example, many copier manufacturers throughout the world have been licensed to use Canon technology.

The next stage in Canon's development of integrated operations in the European Community is to expand its Euro-

pean R & D activities. Through its rapid development of new, original technologies, pushing forward the state-of-the-art in optics, electronics and precision mechanics, Canon is now in a position to co-operate more extensively with European partners.

A high level of technological co-operation with firms and other institutions of the EC is therefore an essential part of Canon's continuing effort to assure the widest possible benefits for the world from its achievements at the forefront of technological innovation.

In January 1987, Canon announced a joint venture company with Olivetti in Italy for the development and manufacture of office automation products. Known as Olivetti/Canon Industriale S.p.A., the new company is currently manufacturing low volume office copiers.

The new company marks a



A workforce of about 430 people is employed by Canon Bretagne S.A. at Liffre.

Take a Canon Color Laser Copier. Add another masterpiece. The Leonardo's Mona Lisa.

Now show her up. Reduce her by half. Squash her. Stretch her. Make her lean over. Zoom in on an eye. Shift her color tones. Give her a monochrome wash.

Maybe even give her another smile. Make her pointy-nosed, impressionistic, chameleonic, even pop. All at the touch of a button.

Because the Color Laser Copier scans the original, converting it into digital signals you can manipulate them as you like.

Make your masterpiece. Print out faithful copies from color and black-and-white negatives. From transparencies. From film. Copy, text and illustrations. Line drawings and half tones. Or any manuscript that conveniently at hand.

Flexible enlargement and reduction. High (6 lines per mm) resolution gives outstanding monochrome and color images in 64 shades for each colour.

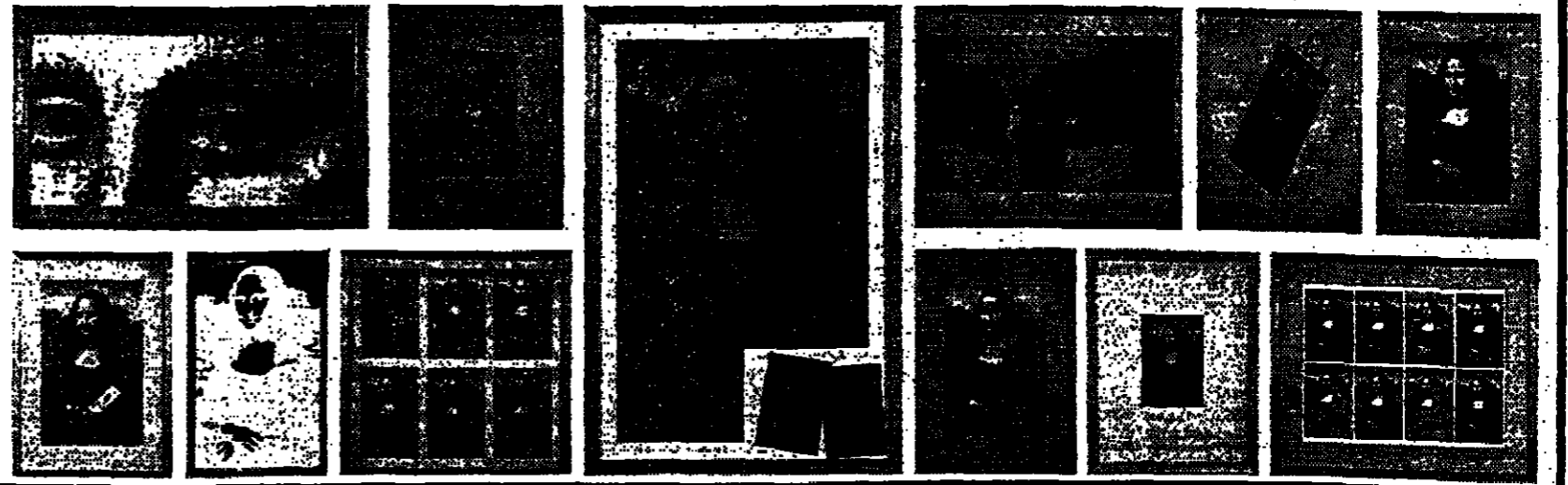
Fast. Five A4 full colour copies per minute.

There's more. Lots more besides. Better to show you than explain. We've constructed the Color Laser Copier side up to a masterpiece in the field of copying.

If you don't know about masterpieces, but do know what you like, ask for a demonstration today.

A MASTERPIECE FROM CANON.

HOW ABOUT THIS, LEONARDO?



لقد كان هذا العمل

Canon

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50th ANNIVERSARY

In the forefront of technology

IN 1936, at a time when Canon and many Japanese companies were facing financial constraints...

This commitment to technological innovation has been a major factor in the company's growth...

Today, Canon's technological advantage can be seen in a number of products which benefit from years of dedicated research...

The recently launched Color Laser Copier is the world's first digital full colour plain paper copier...

In creative applications, it is more a design tool than a straightforward copier, boasting a wide variety of image editing and formatting features...

Image manipulation is possible on the CLC as information contained on an original is converted into electronic signals...

At this stage, creative editing is carried out by an image processor which moves around on the page, or changed in colour.

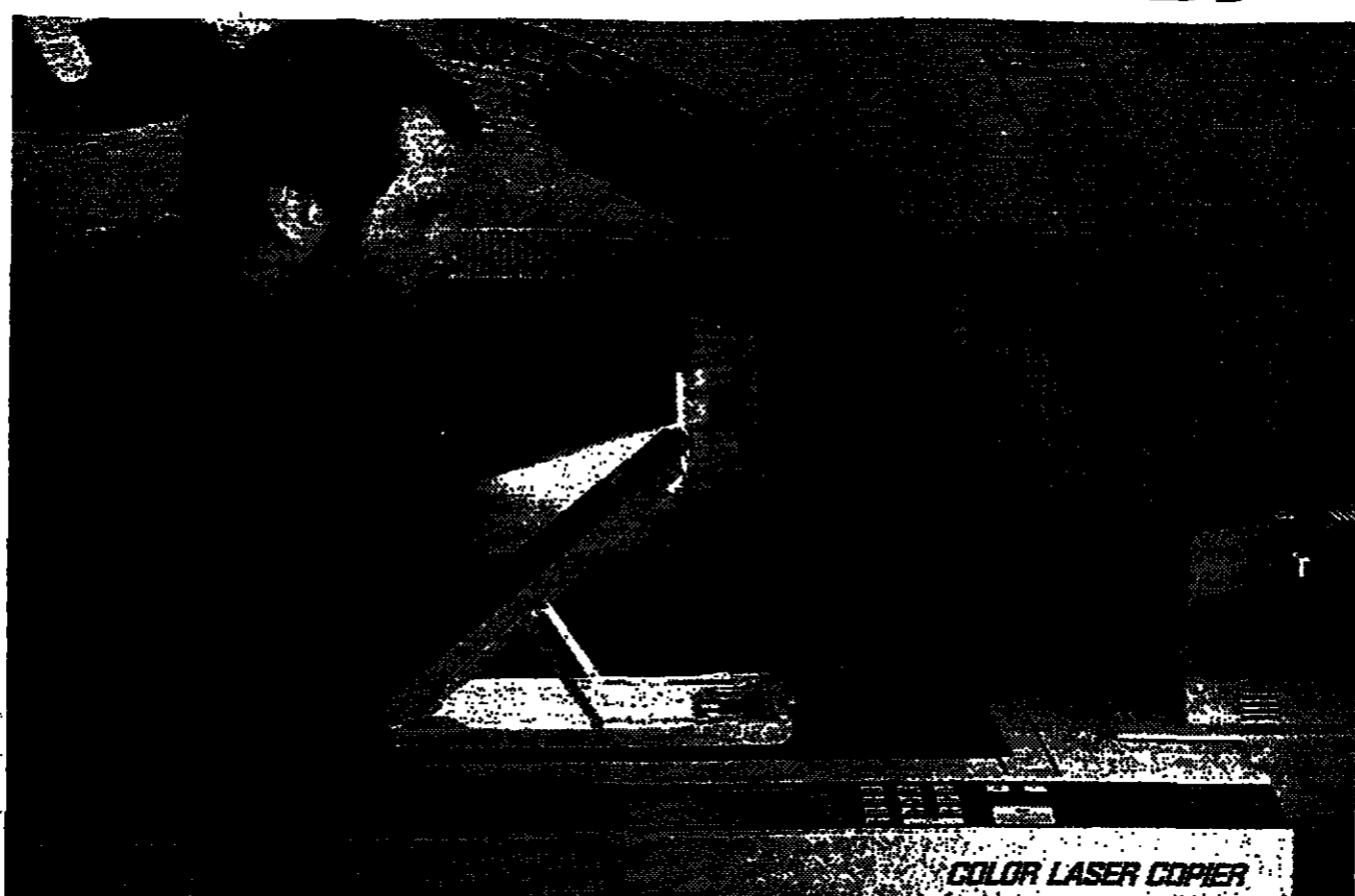
are sent to the printer unit, where they activate a semiconductor laser, turning it on and off...

The partially neutralised areas attract toner which is then transferred from the drum to plain paper to make the copy.

Full colour copying is set to play an increasingly major role in the reprographic world...

It can be argued that Canon was somewhat a latecomer to this particular market...

The EOS autofocus system is centred around a Base Stored Image Sensor (BASIS), developed by Canon and based in the camera body...



Dan Fera, Head of Illustration at London's Royal College of Art, with the Canon Color Laser Copier...

image processing applications in copiers, image readers, videotape recorders and other imaging equipment.

Another innovation in the EOS system is the use of a new advanced motor in some of its lenses for quieter and faster autofocus operation...

searchers will expand applications of the USM to include factory and office automation...

Flexibility in combining the components makes the system ideal for a broad range of applications in news media, law enforcement, real estate...

head which records them magnetically on a revolving floppy disk. As with a record player...

Although still video cameras work on the same principle as VCRs, their picture quality is far better than 'moving' videos.

To play back images on a TV screen, the floppy is inserted in the recorder/playback unit...

For printing hard copies, Canon's Colour Video Printer uses Canon-developed ink...

By combining the analogue modulation system with light, medium and dark shades of ink, Canon's printer produces full colour prints with an impressive 64 delicate gradations.

Fifty years of productive landmarks

CANON'S position today as a global manufacturing and marketing organisation spanning over 130 countries...

In 1936, a small group came together with the objective of producing a better 35mm camera...

The company grew and was incorporated as the Precision Optical Industry Co. Ltd. in August 1937...

In its first decade, Canon established a solid reputation for the quality of its still and X-ray cameras...

began to grow rapidly as high quality Canon products, incorporating original technologies...

This prompted Canon to enter the international arena by opening a branch in New York in 1955...

The first part of the 1960s saw the introduction of Canon's first rangefinder camera...

One was the Canola 180, the world's first 10-key pad calculator launched in 1964...

was Canon's first commercial autofocus camera and the first to use an active autofocus system...

In more recent years, Canon's T-Series SLRs made their mark with amateur and professional photographers alike...

Facilities has been a great growth market area in recent years, and Canon has been one of the market leaders since it introduced its first machine...

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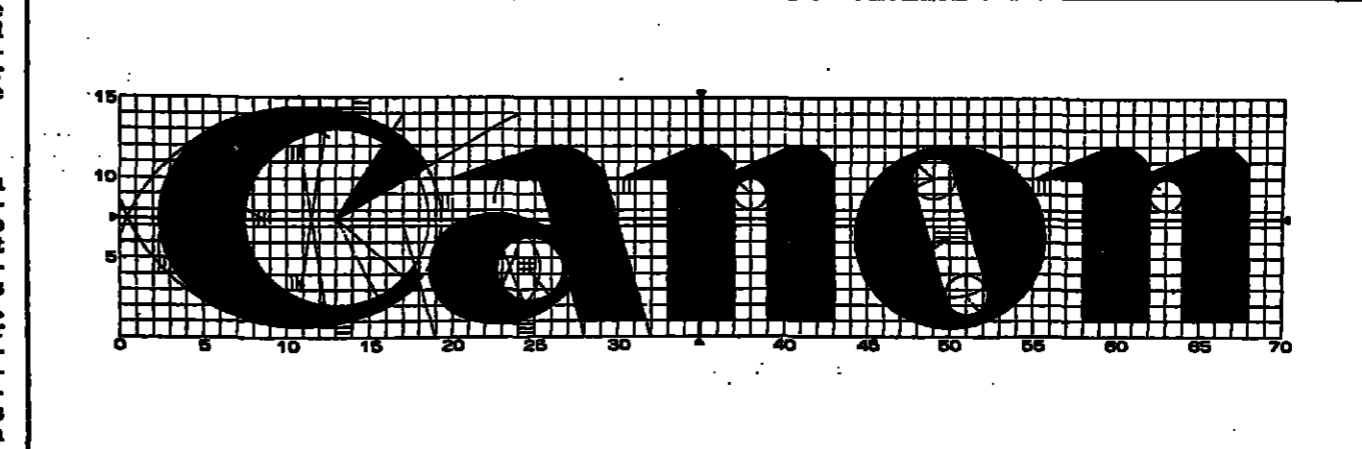
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Table with 2 columns: Year and Event. Lists milestones from 1936 to 1976.



Canon's corporate logotype is evolved from our founding spirit of 50 years ago: a spirit of challenge and determination to produce the world's finest camera. Since then that challenge has shifted to many other fields...

Canon

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IV

Developing fresh ideas

CANON's Research and Development philosophy is quite simple - to convert today's possibilities into tomorrow's certainties, making the impossible possible, and discovering new technologies and products for the enrichment of the world.

Since the development of leading-edge technologies in the fields of image and information processing is essential for Canon, the company has adopted a strategy of vertical technological integration that covers everything from basic research for materials and devices to the development of products and components.

With this all-encompassing approach, a new technology can be marketed in the form of original components or as individual products.

In researching basic technology, Canon endeavours to develop new capabilities by creating materials and devices in a wide range of fields. These range from materials science to biotechnology, and will be expanded to focus on the inner workings of organic structures as well.

By widening its research into a variety of fields, Canon is sowing the seeds for leadership in the image and information processing industries, which actively seek new materials such as a medium for optical memory disks and completely new electronic devices for use with superconductivity.

Canon's research and development of materials aims not only to discover new functions for materials, but also new device structures. In its research on silicon superparticles, for example, a new phenomenon has just been discovered in the photo-reaction of silicon membrane to light, while research on organic superlattices has led to the discovery of a switching phenomenon. By using a semiconductor laser as an inorganic superlattice, new emission capabilities have been attained.

Since 1988, new materials have been discovered through research on superconductivity. Practical applications of superconductivity are certain to bring about dramatic improvements in conventional devices using magnetic or electric power sources, and in image and information processing speed.

Canon is progressing with such research because room temperature operation and the technology of thin-film growth under low temperatures are indispensable for the practical use of superconducting materials in the image and information processing industries.

Particularly pressing needs include those for the high-speed input of large-scale image infor-



angle of rotation must be measured very accurately and converted into electrical signals. Conventional photo-electric rotary encoders for this have grown very large, heavy and expensive as their precision has improved.

Using its ultra-precise optical, electron circuit and processing technologies, Canon has developed a low cost, ultra-compact high density pulse-forming encoder that uses the diffraction and interference of semiconductor lasers. The new Canon encoder provides 61,000 pulses per rotation, in contrast to the 1,000 to 3,000 pulses provided by conventional encoders of the same size.

Canon has also been involved in research on laser fusion, the aim of which is to create a safe, clean, inexpensive energy source by reproducing the nuclear fusion reactions which take place in the sun.

In laser fusion experiments carried out at Osaka University, laser beams are concentrated on deuterium and tritium fuel pellets to induce nuclear fusion and obtain energy several hundred times greater than the energy initially provided.

These laser beams are transmitted through potassium phosphate crystals to shorten the beams' wavelength, and thus improve the concentration of the beams. Because the fuel pellets are only approximately 0.04 in. in diameter, a large aperture aspherical lens is used to focus 12.5 in. laser beams to less than 10 microns to obtain powerful energy irradiation.

Canon developed these optical components through joint research with the Institute of Laser Engineering at Osaka University, as well as an ultra-precision machining technology which uses diamonds to cut the crystals to a surface roughness of just 0.02 microns. Canon is also designing and producing various other ultra-precision optical components for use in laser fusion.

In the field of High Definition Television (HDTV), Canon is developing new digital technology with particular stress on digital recording systems. HDTV produces 1,125 scan lines, more than twice the number of lines in today's conventional television systems.

Canon's new high efficiency TV signal encoder, the HDTV-CODEC, is specially designed for HDTV signal transmission, featuring an entirely new digital

image transmission protocol jointly developed with KDD (Japan's International Telecommunications Company).

Anticipating trends toward video integration, the HDTV-CODEC has been designed with a switching capability between satellite communications mode and optical fibre communications mode, and it is the world's first integral transmitter/receiver system applicable with local area networks.

A prototype HDTV-compatible cassette digital data recorder has also been developed, incorporating the company's original technology for picture coding, error correction and high density recording.

Known as the HDTV-CDBR, it is easy to interface with other digital equipment, has an extended 120-minute recording time on 1-inch metal tape, and offers recording and playback with no image deterioration and high image quality even after repeated copying. Its advanced image processing technology makes editing extremely simple.

In addition to these products, Canon is also developing an integrated HDTV "Digital Network System", which includes audio-visual, digital communication and printing systems, and has produced an HDTV high quality, high speed zoom lens in cooperation with NIKK, the Japan Broadcasting Corporation.

A built-in microcomputer helps to ensure higher picture quality, with a large number of fluorite minimizing colour blur, and lens aberration is decreased by 30% in spite of an increase in speed from F2.1 to F1.4, making it the fastest lens in its category in the world.

The use of computer imaging and biotechnology in diagnosis is revolutionizing medical science, and Canon is continuing to contribute to this field with new technology.

A new Canon product for fast and economical diagnosis of adult T-cell leukemia and AIDS is the Cell Analyser, a new type of diagnostic instrument that illuminates blood cells with a laser beam and converts the resulting scattered light and fluorescence into electrical signals which are then displayed on a screen for diagnosis and printout.

By using an air cooled laser, Canon has succeeded in making the analyser very compact, lightweight and low in cost. Because

it is economical as well as allowing a rapid and highly accurate and detailed diagnosis to be performed for the presence of cancer or deficiencies in the immune system, it is expected to be widely used by hospitals and clinics.

The system is based on the principle of passing cells stained with fluorescent dye through a fine glass tube called a flow cell at a high speed of several thousand cells per second. An argon ion laser illuminates the cells during this process, scattering light in front of each cell according to its size and to the side of each according to its internal structure.

Fluorescence is generated according to the biological characteristics of each cell. The scattered light passes through condenser lenses positioned at the front and side, and enters detectors where it is converted into electric signals. The data is then processed and displayed by a personal computer in the form of a histogram and a cytogram. These charts can then be used to determine the relative amounts of DNA, RNA and protein in cells, and the status of cell activation and antibody response.

Another highly advanced diagnostic instrument is the Laser Multiframed Imager, jointly developed by Canon and Eastman Kodak. The new machine prints digital image signals from brain or body scans directly onto a large size laser sensitive film using LBP technology, and the resulting images are then reproduced on a multi-format screen.

Each pixel is directly recorded on film, thus eliminating image distortion, shading and picture noise which are common in conventional CRT cameras. The result is a higher quality image with a resolution of 12.5 lines per millimetre with more than 4000 grey shades.

These extremely high resolution images are very effective in diagnosing subtle physiological and biological changes, and the imager's digital capability permits communication with various imaging modalities.

In 1986, Canon was ranked the sixth most innovative corporation in the world, as measured by the number of patents (524) registered in the United States. This dedicated approach to R & D - a hallmark of Canon's growth - will continue over the next 50 years to result in fresh ideas, exciting new technologies, and advanced products for the benefit of industry, business, consumers and peoples throughout the world.

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ation and a photo-detecting element for this application. Future equipment will also require devices with enormous amounts of memory.

One of Canon's new processes is called Selective Nucleation Epitaxy (SENTAXY) technology, with which it is possible to grow a single crystal silicon film at a desired position on an amorphous substrate such as glass. This technology will enable large-area sensor production while providing unprecedented high-speed response. Research on a new process to manufacture high performance devices for future image equipment is now being conducted.

Future devices will have circuits packed more densely than ever. In order to keep up with this technology, the light sources now used for mask aligner steppers will have to be replaced by X-rays.

However, in order to use X-ray sources for steppers to expose lines and spaces within quarter-microns, comprehensive research on structural materials, control software and sensors will be required - research that is underway today at Canon.

Information processing abilities closer to those of human beings may be made possible with new functional materials discovered by research on 'ultra' technologies.

Today's computers are based on mathematical calculation systems. However, when people see, make judgements or just think, they do not simply calculate sequentially. In the human mind, many elements work together simultaneously.

'Expert' systems already developed by the company include one for lens design, OPRX, which is an intelligent interface with a knowledge base in which information for the use of computer-aided design is stored. It can function as a consultant in lens design or can assist designers directly in the design process, and has already greatly increased work efficiency in design projects.

Research in natural language processing and knowledge information processing technologies is currently being used in the development of an expert information retrieval system, while a prototype of a Japanese-to-English machine translation system is to be used for translating copier service manuals.

Another prototype has been developed to automatically generate programs that will enable assembly robots to visually check the position and posture of parts. This system is currently being tried at many manufacturing sites for small volume production of various one-of-a-kind products.

In the world of robotics, a newly-developed Canon device is set to dramatically improve efficiency and lower costs, with future applications including image processing.

For robots to move faster and more precisely, a motor shaft's

Canon is currently researching one of the methods for the realization of 'future computing' technology - the use of parallel processing using 3-dimensional optical switches. With these devices, extremely high speed parallel processing becomes possible, bringing closer the day when computers will reason more like people.

By working to emulate the abilities of the human brain, Canon is creating man/machine interfaces that will make machines simpler than ever to use. With this goal in mind, Canon is currently engaged in research in voice recognition to 'hear' image recognition to 'see', natural language processing to 'understand' words, and knowledge information processing to 'solve' problems.

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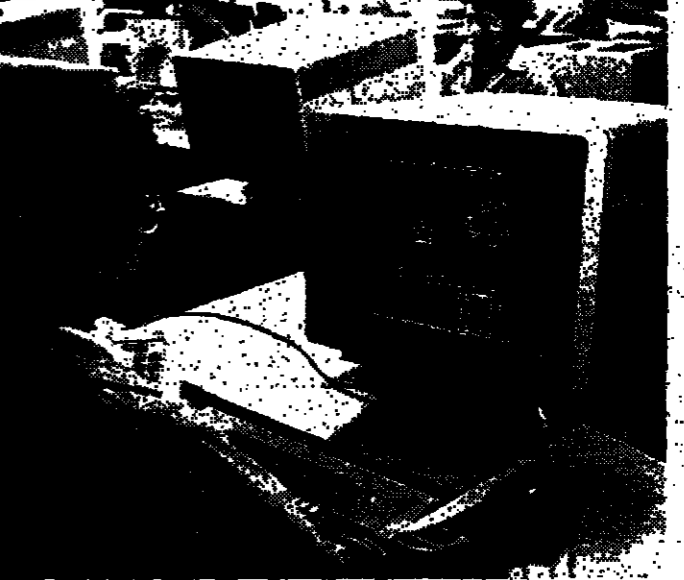
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MANAGEMENT

LIKE MANY highly trained professionals, the scientists at the Netherlands radiation protection directorate were convinced that no layman could understand their work well enough to manage their department.

"They saw the outside world as the enemy," says Frans Evers, a senior civil servant in the Environment Ministry, under whose control the radiation protection directorate falls.

He decided that the directorate needed a new director, someone who would manage it more professionally. He selected the civil servant whom he thought could do the job. But first he decided to bring in an outside, short-term manager to set the directorate on a new path.

The man he called on was Karel Waagenaar of W and S Interim Management Services. Waagenaar is part of a well-established network of interim managers in the Netherlands who run companies and public sector concerns for short periods. Dutch interim managers are more than just temporary executives. They do occasionally fill the gap after the departure, for example, of a company's finance director. More often, however, their task is to change the organisation's strategic direction, strengthen its management or develop a new product or market.

Evers was quite clear what he wanted Waagenaar to do with the radiation protection directorate. "I needed somebody who, let's be honest, would kick the asses of the people there, who would make them fairly uncertain, who would say, 'I'm a manager. I don't give a damn about your scientific skills'."

Staff at the directorate were shaken, but not just by Waagenaar. Three months after he took over as their director, the Chernobyl disaster occurred. An inter-ministerial crisis centre, including staff from the directorate, was established to co-ordinate the Dutch response. "The chairman of the crisis centre," says Martin Eindhoven, who was chairman of the crisis centre, "he had to drop everything and see that his people performed as part of a larger team."

Eventually Waagenaar was able to get back to his original job of introducing professional management to the directorate. A year after he first started there, the designated director, who had been in touch throughout the period, took over and Waagenaar left.

Like many Dutch interim managers, Waagenaar was previously a management consultant. While working for the Dutch consultancy Berenschot, he suffered a familiar frustration: clients often failed to implement his recommendations. "I saw reports being left in drawers," he says.



(L to R) Karel Waagenaar, the interim manager brought in by Frans Evers (centre) to get the radiation protection directorate running on the right lines, and Marinus Eindhoven, another civil servant who was involved as chairman of the ad hoc crisis centre set up after Chernobyl

When change needs to be kick-started

Michael Skapinker on Dutch managers who specialise in short-term assignments

Berenschot, along with consultancies in the Netherlands and other countries, attempted to counter this problem by offering to help clients put their proposals into practice.

"We started to make a profession out of implementation," Waagenaar says. "Eventually I came to the conclusion that implementation shouldn't be combined with consultancy. Implementation should be carried out by a different group of people altogether."

"Management consultancy provides a client with alternatives. An interim manager has to take decisions even if the alternatives are not all known. Consulting requires objectivity. An interim manager requires commitment. They are totally different." In 1988 he left Berenschot to found W and S Interim Management.

Other W and S projects have included helping to run a large pension fund following the discovery of financial irregularities and the dismissal of a senior manager, and restarting production at a bankrupt Irish manufacturing company which had been

acquired by Dutch investors. Gery Boskma of BCG Interim Management, a rival firm, estimates that there now are about 200 interim managers in the Netherlands, working either for themselves or for one of the established firms on a full-time or freelance basis.

About 80 of the 200, he says, work for one of the six firms that belong to the Council for Interim Management, a professional body with its own code of practice. Boskma says he expects that many of the freelance interim managers will eventually attach themselves to one of the established firms. His own firm is part of the Executive Interim Management Company, which also includes the executive search company Egon Zehnder International, which has its headquarters in Zurich.

Other countries have interim managers, too. In the UK, the Confederation of British Industry and the management consultants P-E Inhouse run the Temporary Executive Service, with a register of 1,200 interim managers.

Waagenaar and Boskma argue, however, that interim management is more highly developed in the Netherlands than in any other European country. They point, for example, to the Dutch practice of appointing a "shadow manager" to assist each interim manager. The shadow manager is a colleague from the same interim management firm who meets the interim manager once a week or so to discuss the progress of a project.

The shadow manager helps the interim manager to maintain objectivity. He or she also ensures that there is someone to take over the project should the interim manager have to drop out for any reason.

What sort of person becomes an interim manager? Boskma, whose firm has 45 full-time interim managers on its books, says he looks for people who have held senior management positions in large companies.

"They have to have the broadness, the balance, the posture to radiate assurance. They don't have time to learn on the job. They have to have a very good idea of what they're up to," he

says. Maarten van Dijk, an interim manager with W and S, says: "You have to prove yourself quickly. In the first week you need some kind of success, something new."

Van Dijk spent 14 months running the University of Amsterdam, an interim management job he completed at the end of last year. As a result of cuts in funding, the faculty had to lay off 60 people - about 10 per cent of its staff.

It was a traumatic decision and the university decided to get an external manager to carry it out. "In 400 years, no one had ever been fired from the University of Amsterdam," van Dijk says.

"Of course they were afraid of me. On the first day it was panic. I didn't know it then because I didn't know the people well enough. On the second day I called them all together and said 'You don't boss! There was total silence. I told them 'I need you to help me. We are going to solve this problem together.'"

Van Dijk adds that "firing people is not exactly a pleasant activity. Once you have to do it, it should be done with sensitivity. I had a meeting with each of them individually to talk to them about it. In these cases, 90 per cent of the people can usually find another job. Ten per cent of them have more difficulty and you devote your time to them."

Apart from the unpleasantness of sometimes having to make employees redundant, interim managers face other difficulties. One is that the client company might become too dependent on the interim manager to do it all the time. "W and S's Waagenaar says: "We talk about it to the client. We try to find the right man to take over from us if the client doesn't have anyone in mind."

W and S and BCG go to some lengths to ensure that clients do not attempt to recruit interim managers to their permanent managerial staff. Their contracts with their clients stipulate that the client cannot hire the interim manager for two years after he finishes the job.

If a client then takes on an interim manager on a permanent basis, BCG will also charge the company a search fee. What do interim managers do if they discover corruption or financial mismanagement on the part of a client company? Both BCG and W and S say their client contracts enable them to pull out of a project if they come across any illegality or irregularity.

Boskma says his firm has come across two situations where clients were transferring funds illegally. "In one case we pulled out. In the other, we managed to correct the situation," he says.

Logistics

Getting their act together

Michael Skapinker on a Europe-wide survey of company performance

THERE IS NOT much point in having a modern and efficient manufacturing plant if your distribution staff cannot get the finished products to the customer on time.

Nor will your company's reputation be enhanced if your customer service department makes promises that your production people cannot fulfil.

It might seem obvious that companies should try to link the various parts of their logistics chain - the movement of goods from sourcing through manufacturing to final delivery.

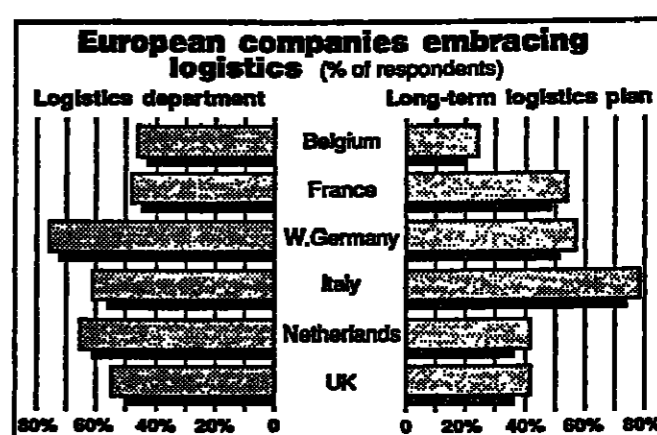
Yet a survey of 500 European companies by US consultants A.T. Kearney found that less than a quarter had an integrated system to handle their logistics.

The survey found that many companies had improved one or other individual parts of the logistics chain. Most, for example, had put their customers' orders on computer. Few, however, had attempted to co-ordinate all these activities.

The consultancy identified four different approaches to logistics. The first approach is characterised by companies which think no further ahead than today. Any action that these organisations take to improve their purchasing, transportation or inventory management is designed purely to head off an immediate crisis.

The report puts as many as 57 per cent of the companies surveyed into this category. The second group of companies has a slightly longer planning horizon - they think in terms of "this week" rather than "today". Their prime note in seeking any improvement is to cut costs.

Twenty per cent of the companies were in this category. The third group consists of companies which think a month or even a year ahead in terms of "this week" rather than "today". They also have extensive links with both their suppliers and their customers. Their approach to logistics is not aimed merely at cutting costs, but at gaining competitive advantage.



The report argues that if purchasing, inventory management, transportation and other logistics activities are dealt with in isolation from one another, the results can be disappointing.

The report points out, for example, that many companies which introduced just-in-time systems to cut inventories did not achieve the cost reductions they had anticipated.

"We believe the key reason for the gap between expectations and results is an incomplete understanding of implications of adopting the system."

For example, several European companies implemented JIT systems in the early 1980s in response to pressure to cut inventories. When inventory financing costs were at 12 per cent, the inventory savings associated with the JIT concept seemed to outweigh the additional materials flow, transportation and ordering costs.

"But then inventory financing costs dropped as interest rates declined to 6 per cent. Also, hidden costs associated with JIT began to surface. The real cost of managing and handling small shipments became known. In several situations, the cost reduction expected from JIT turned to a cost increase when total costs were considered."

An integrated approach to logistics, the report says, requires action on three fronts. The first is organisational. The report argues that companies should establish a department responsible for logistics. Alternatively, they could set up an inter-departmental task force or committee. In countries like West Germany and The Netherlands, a large majority of companies had already set up a logistics department. In Belgium and France on the other hand, fewer than half the companies surveyed had done so. In the UK, 55 per cent of companies had a logistics department.

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JOBS

Expanding demand for executive candidates

BY MICHAEL DIXON

WHILE always reluctant to give hostages to fortune, the Jobs column has to say that prospects have never looked brighter for ambitious executives in Britain.

The reason for my optimism lies in the table alongside. It traces demand for managers and key specialists in the 12 months to March 31, as shown by the MSL International recruitment consultancy's counts of higher-ranked jobs advertised in leading United Kingdom journals.

As can be seen, the last 12 months brought an increase in advertised demand over the corresponding period of 1986-87, not just in total but in every one of the more specific fields of work listed. They are research, design and development; marketing and sales; production; finance and accounting; computing; general management; personnel work; and "others" such as purchasing, company legal work, and internal consultancy of various kinds.

The fact that there were rises in all eight categories strikes me as a good portent. For while the total for the 12 months to March 31 was higher in 1984-85, in that period two categories - general management and marketing - showed falls from the previous 12 months. So, although in the case of computing the recent increase was only marginal, I feel there must be a fair deal of steam yet left in UK executive demand.

The same belief is shared by MSL's worthy representatives in Glasgow who have been making

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS (12 months to March 31)

Type of work	1987-88	1986-87	1985-86	1984-85	1983-84
	Posts advertised	Change	Change	Change	Change
R & D	3,510	+3.9	3,378	-42.0	5,823
Marketing	6,373	+4.1	6,124	-5.0	6,447
Production	6,242	+29.9	4,807	-23.8	6,311
Accounting	7,795	+15.8	6,732	+6.2	6,401
Computing	3,710	+0.7	3,686	-7.8	3,998
General mgt.	1,859	+10.8	1,385	+6.0	1,307
Personnel	1,117	+11.1	1,005	+15.5	870
Others	6,986	+20.9	5,735	-6.9	6,182
Total	37,342	+13.7	32,832	-12.8	37,319
April-June	8,587	+5.2	8,172	-21.5	10,412
July-Sept	8,274	+8.0	7,854	-18.4	9,507
Oct-Dec	8,248	+17.8	7,050	-8.7	8,893
Jan-March	11,223	+22.4	9,186	+4.1	8,884

the count of advertisements every three months since the beginning of 1982. Indeed, for the first time in the 15 years that the Jobs column has known them, they are looking on their findings with optimism unalloyed.

"We were quite pleased by the figures for the final quarter of 1987," the chief counsellor explained. "They showed that, in spite of Black Monday, the market did well through October and November. We still had doubts, though, because it fell away more than it usually does in December, which might have meant the share-price reverses were having a delayed bad effect.

"But we've got to be optimistic on the results for the start of 1988. The market's definitely in a growth phase."

"The first quarter of a year is almost always the best one, so it's unlikely that the next three quarterly periods will produce as many offers as January-March. Nevertheless, the upturn is no flash in the pan. Although the latest three-month tally is 400 jobs down on January-March 1985, which was the best quarter we've seen, I'd expect the record to be broken before the present expansion runs out."

A new record has already been set in the case of accounting and finance specialists. The 2,128 posts advertised for them over the last three months was the highest in any quarter since the consultancy began its counts 29 years ago.

development staff, after 2 1/2 years of dwindling, continued the recovery which began at the end of last year.

Similar encouragement is given by the consultancy's counts of posts advertised by certain industries. In the latest quarter the high-technology sector's score was 859 compared with 737 for the first three months of 1987, and the tally for energy-related companies was 598 compared with 388.

In sum, therefore, the UK market for executive-types in general looks set to be buoyant for some time to come. But since tradition could hardly allow me to end a conversation with MSL's Glasgow representatives without hearing some note of gloom, I asked the chief counsellor when the present growth phase was likely to end.

"I'd say, if you want a new job," he replied, "you'd do best to get one before 1990 arrives."

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English language is a must, and fluency in French and/or Spanish would be an advantage.

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TECHNOLOGY

Japanese video technique takes the inside line

Roy Garner reports on an advanced internal inspection system for industrial and medical applications

DOCTORS in Japan foresee an exciting future for the video endoscope, an internal inspection device which utilises a CCD (charged coupled device) scanner, TV monitor and digital image processing equipment grafted onto the basic design format of the conventional fibroscope.

Industrial applications of the technology are also expected to increase. Although a complete video endoscopy system is currently more than double the ¥1.8m (£7,600) price of a fibroscope, researchers suggest its ease of use, greatly improved imaging capabilities and the promise of new medical techniques centred on digital image processing will soon lead to its wide acceptance.

One of Japan's leading researchers in endoscopy (instrument for viewing the internal parts of the body) techniques is Dr Masatoshi Esaki, of Inage Hospital in Chiba, near Tokyo. He says that "within five years sales will multiply rapidly as improved equipment comes onto the market, and within ten years video endoscopes will be in widespread use throughout Japan."

In 30 years since the US company American Cytoscope Makers Inc (ACMI) introduced the first fibroscope - a flexible tube fitted with a shaft of bunched optical fibres within its outer wall that transmitted images through total internal reflection. Since then the device has revolutionised internal medicine, bringing sharp reductions in the use of surgery and X-rays, and proving an invaluable aid in the early detection of cancer and the loca-

tion and treatment of internal bleeding.

The endoscope has also been a runaway business success for the Japanese company Olympus, which has long held a dominant market position, and recorded sales of the device and its ancillary equipment of ¥71.4bn in 1987. But for Olympus, and competitors like Fujino (a subsidiary of Fuji film), Pentax, Toshiba and Machida, long-term growth is closely tied to the fortunes of the video endoscope.

The conventional endoscope comprises two tubes of varying lengths; the thicker one contains electrical connections and the thinner carries the optical fibres for internal insertion.

The two are joined at a control cluster featuring tube angulation levers, viewing eye-pieces and an external camera attachment.

In 1983, the US company Welch Allyn became the first maker to try replacing the optical fibres with a CCD and a camera with a video link. In the ensuing five years, Japanese companies have devoted considerable research and development funds towards developing their own commercially viable "video endoscope" systems, and at least 200 are now in use in Japan.

Yuji Ikuno, manager of the endoscope section of Olympus's product development department, says his company asked its doctor clients to experiment with at least 20 different models of differently configured controls, in an effort to achieve the maximum ease of operation, and full use of the video imaging capabilities.

In the resulting system, just three small buttons on the control head direct all of the imaging procedures. Whereas with the earlier equipment, the doctor has to interrupt his examination to attach a bulky camera to the viewing tube, and even then only acquires a small selection of still pictures of average quality, with the video endoscope he can consult a high-resolution image continuously displayed on a TV monitor, and at the push of a button can "freeze frame" critical images, and instantly record this data either on a video disc or as hard copy.

These innovations give the doctor more freedom to concentrate on the examination of the patient and allow for shorter operation times.

Dr Esaki outlines three essential advantages of the video endoscope. These are:

- Clarity of image. He notes that "in cancerous tissue, for example, we can see more detail of the fine structures, and see more easily if it is benign or malignant. And in the small intestines we can now study the tiny villi, which are hard to manipulate and study with ordinary endoscopes."

- Computerised information storage. This is particularly useful in diagnostic and teaching work, where images can be examined at leisure by people in different locations. The past records of a patient's medical history can also be instantly displayed for comparison purposes.

- Image modification. "It is easier to estimate the size of a tumour, using a computer to ana-



lyse the image information. The physiology or anatomy of diseases can also be studied better in this way," says Dr Esaki. An area of special interest is the use of infra-red or ultra-violet light rays. This can only be done with the video endoscope, where the powerful rays by-pass the human eye. It could open up many new forms of analytic and diagnostic techniques.

The CCD scope does have some minor disadvantages compared with fibre optic endoscopes, notably the CCD's minimum diameter. At present this is 9.5mm. It compares with 2mm in fibroscope heads, and introduces limitations in delicate internal operations.

But, Yuji Ikuno of Olympus says such details are of less importance in the industrial sector, where CCD scopes are being used to examine everything from the internal condition of radiators and camera parts to the hidden chambers of Egyptian pyramids.

"In the medical field safety is

the number one concern, but this is not such a problem in the industrial field," says Ikuno. He explains that potential applications are "very wide. The examination of jet engines is already a big application and buildings are now being constructed with fibroscope inspection holes built into the design. In the future, ultra-violet and infra-red light might be used to detect problems such as material faults and metal fatigue. Everyone is seeking new applications."

The future of the video endoscope is closely linked to the awareness and ingenuity of users. Ikuno says, for example, that appreciation of the efficacy of the colonoscope was greatly enhanced at the time of President Reagan's battle with colon cancer. Sales grew at that time by an average of 8 per cent in the US and 5 to 8 per cent in Europe. Similarly, as new uses are discovered in both medical and industrial fields, demand for video endoscopes is expected to rise.

WORTH WATCHING

Edited by Geoffrey Charlish

Toshiba drives up floppy disk capacity

IN JAPAN, Toshiba has started marketing a 3.5-inch floppy disk drive with a storage capacity of four megabytes (4m characters). Costing the equivalent of \$300, the drive will be able to read and write on existing one megabyte floppy disks.

The large capacity (most 3.5-inch floppies are of either one or two megabyte capacity) has been achieved by using the relatively new technique of "vertical" recording. Magnetised elements of the recording surface are stacked side by side like blades of grass rather than end to end like a line of daisies.

By also using a barium ferrite recording medium, much higher bit (there are eight bits to one byte) density of recording has been achieved.

To allow the new FD-310 drive to cope with both one and four megabyte disks, Toshiba has developed special chips to control the read, write and erase functions, and has designed a dual density recording head.

Norwegians opt for Avon rig protection

THE FIRST full-scale cladding of a North Sea oil platform will feature a marine coating from Avon Rubber of the UK. The material prevents dangerous growth from building up on undersea structures and will be used on a rig ordered by Statoil, the Norwegian state oil company.

The rig will be built by Alor Verdal, and fellow Norwegian company Viking Njordalen will clad the platform members to cover an area 40 metres below the water and five metres above surface level.

The coating material, called Avonclad, is a combination of neoprene sheeting and chemically hot-bonded copper granules. Marine flora and fauna cannot live in the presence of copper and Avonclad will, it is claimed, offer protection for more than 20 years (much greater than the operational life of a rig).

The action of the copper granules, however, is strictly confined to the treated surface and has no harmful effect on the surrounding environment. Submerged six-inch piping

can grow to nine or 10 inches with marine encrustation. Designers have to oversize the pipe walls to counter the increased load of the growths. With Avonclad, higher pipes can be used and building costs can be reduced since smaller cranes loads and less labour intensive methods can be applied during the platform's construction.

Profit making becomes a highly-refined art

USING an electronic simulator, oil refineries can be "fine-tuned" to produce profit improvements of at least 10 cents a barrel, claims UK company KBC Process Technology. Such an improvement would be worth \$2m a year in a typical refinery, says the Weybridge, Surrey, company.

KBC's simulator, called Petrofine, can run on most makes of mini or mainframe computer and has a basic price of \$20,000. It enables refinery managers to plan, monitor and optimise their entire operation.

Alternatively, particular elements of the plant can be simulated to allow engineers to obtain the best results.

Once a model of the plant has been built up in the computer, the user is able to carry out "what if?" exercises under a wide range of conditions.

Soft option keeps things shipshape

TRANSTEMA, a Swedish company which specialises in computer systems for the shipping industry, has introduced software aimed primarily at international shipping agents.

Called Tradeware, it will run on IBM System 30 mini-computers or any IBM personal computer. It is designed to cover accounting, cargo booking, freight documentation and the tracking of equipment such as containers.

The four software modules can work independently, or in conjunction with one another. Communications with shippers, stevedores, principals, agents and other parties is provided by telex or data transmission.

BT's night-watchman hunts down faults

BRITISH TELECOM Enterprises is offering a system called HuntsMan, which enables communications managers to test the voice networks that interconnect multiple sites in larger organisations.

HuntsMan tests automatically the links between private branch exchanges at various sites. By exposing faults, or incipient faults, it is possible to maximise the availability, quality and cost-effectiveness of large, distributed, private voice networks.

The personal computer-based system will make 700 test calls overnight. It checks for dialling, busy, engaged, answering tone problems. In addition, it will pinpoint troubles like number unobtainable, no answer, premature disconnection and noise on the line. It then produces both on-screen and printed reports.

Prices under pressure in year of the Amstrad

THE UK sales volume of micro-computers increased by 35 per cent last year. But because of downward pressure on prices the value of turnover rose by only four per cent.

Other figures emerging from a 1987 review published by Buxton, the UK market research group, show that in value terms IBM had the largest market share at 31.8 per cent. Compaq had 8.4 per cent, Olivetti 7.9 per cent and Amstrad 7.5 per cent.

In unit terms, however, Amstrad sold the most computers and captured 26 per cent of the market. IBM followed closely on 24.7 per cent, and the next largest market share went to Olivetti with 7.7 per cent.

"It was Amstrad's year," says Buxton's Annual Market Review. The company's unit sales rose from 25,000 to over 100,000. Most of this increase was accounted for by the Amstrad model 1512 but in the closing months of 1987 the new model 1640 was predominant, with 80 per cent of the market by volume.

CONTACT: Toshiba: Tokyo, 400 Bunkyo Ave; Rubber: UK, 0215 2011; KBC Process Technology: UK, 0283 66282 or in the US on 0202 877 028; Transmeta: Sweden, 31 02703 or in London 541 6700; BT Enterprises: UK, 0623 22223; Buxton: UK, 0285 770077.

Bubble memories find a small but profitable niche

BY CLIVE COOKSON

ONE OF the computer industry's greatest technological disappointments, the "bubble memory", has at last found a profitable niche market - though it is only a tiny fraction of the market envisaged by chip manufacturers 10 years ago.

During the 1970s several US companies spent millions of dollars developing bubble memories as a means of storing large amounts of information. They hoped these would combine the storage capacity of magnetic disks with the speed of access of

silicon chips. Bubble memories hold the binary digits of computer data as tiny areas or "bubbles" of magnetisation on a garnet chip.

In the early 1980s, however, it became clear that bubble memories would be too expensive to manufacture for a mass market. All the US companies dropped out of the field, except Intel which persevered with its loss-making bubble memory division until the end of 1985. Then Intel too lost patience and sold the division as an independent com-

pany called MemTech to a group of private investors.

This week MemTech said that it was trading profitably, though its turnover - \$17m last year - is about 30 times less than Intel forecast five years ago. The company, which is based in California, also announced the formation of its first European subsidiary, Euro-MemTech, in Seaford, East Sussex.

William Almond, president of MemTech, says the company has proved that there is a viable niche market for bubble memo-

ries. "For a smaller single-focus company like ours this is a solid business and one that continues to grow."

The advantages of bubble memories are that they are highly reliable, resistant to radiation and non-volatile - meaning that they retain their data indefinitely after the power source is turned off.

The largest single market so far has been factory automation. Builders of industrial robots and machine tools are prepared to pay \$700 for a four Megabit

(500,000-character) bubble memory which will withstand vibration, dirt and electrical surges.

But the main growth area is likely to be military and space applications, where the radiation resistance is extremely important.

The company says it will win 36 per cent of this year's \$55m world market for bubble memories, with Hitachi of Japan taking most of the remaining business. MemTech aims to take 75 per cent of a projected \$90m world market in 1992.



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This is a carefully planned long term project which has full group support and substantial financial backing. It now requires an experienced investment market specialist to head it up. The role will initially involve locating offices, building a team, developing systems and marketing the product. Corporate culture is to lay strong foundations to any new venture and to allow senior executives full scope for their ideas.

The successful candidate is likely therefore to be a highly intelligent internationally-minded business manager with in-depth investment market experience, probably gained from a substantial institutional investment background. Well developed marketing skills combined with sound systems, administration and accounting knowledge are also very important. Our client is looking for a logical, disciplined and committed business manager.

The remuneration and benefits package will be very flexible and will be commensurate with the seniority of this appointment. The location for the business has yet to be decided and the successful applicant will participate in that decision.

Please write in confidence, enclosing a full cv including current remuneration and quoting reference F2909, to Paul Carvoso.



Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London, EC4V 5BR

MANAGEMENT
EXECUTIVE
SELECTION

Private Client Investment Manager

c£35,000 + Bonus + Car

This is an exciting career opportunity for an experienced Investment Manager to move to a position where drive and initiative will be directly rewarded.

We are the fast expanding financial planning subsidiary of Chartered Accountants, Robson Rhodes. In this newly created role you will be responsible for the management of discretionary private client investments and the continued development of investment services for existing and new clients. The emphasis, at least initially, will be on collective investments. Reporting directly to the Managing Director, you will work alongside a highly regarded life and pensions team with an established reputation for commercial acumen and technical ability.

Candidates should be aged under 40 and have comprehensive experience of managing private client investments, especially unit trusts.

We offer a competitive remuneration package including profit-related bonus and company car.

Please write with concise CV to:-

ROBSON RHODES

Financial Services Limited



Philippo James (Miss), Recruitment Manager, Robson Rhodes, 186 City Road, London EC1Y 2NU

Private and Institutional Clients

The Fleet Partnership, as part of its expanding executive selection programme, would like to hear from individuals or teams possessing their own established client base, who are currently considering a new position with a noted Member firm.

Contact, in total confidence, Elizabeth Sullivan.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours)

Hanson PLC UK Business Development

Hanson PLC will appoint an able executive seeking a challenging opportunity, to join its small head office team to work principally in the field of new acquisitions.

The successful applicant will probably be a graduate in their thirties with a proven track record in investment research for a leading broker or asset management group. Experience of unlisted as well as listed companies an advantage. Self motivation and a commercial outlook essential.

Salary dependent on experience. Other benefits. Please send personal career details, including full particulars of relevant experience, together with a photograph to:

Martin Taylor
Vice-Chairman
Hanson PLC
1 Grosvenor Place
London SW1X 7JH

Brook Street has better City Jobs

Settlements - to \$22,000

Our client, a major City Merchant Bank, seeks 23-33 year olds to set up a new Settlements Department. Candidates will be fully experienced in any of the following:

- Gilts and Fixed Interest Settlements
- UK Equity Settlements
- UK and Overseas Dividends
- New Issues UK
- Control of currency and sterling accounts

All positions are at Executive level and will involve training of new junior staff. Please send your CV to Richard Higginson, Brook Street, 131-3 Cannon Street, London EC4A 3AX.

BETTER PEOPLE COME FROM
BROOK STREET

Quantitative Analyst

City

£18,000-£22,000

CL-Alexanders Laing & Cruickshank Holdings (CL-ALCH), now wholly-owned by the Credit Lyonnais Group is one of the leading international securities houses.

Our Quantitative Analysis team services all divisions of CL-ALCH in the field of mathematical analysis and computer modelling. We support a wide spectrum of capital market activities including futures, options and fixed interest securities.

We now seek to strengthen this team. You will be a good communicator, in your mid 20's with experience in financial modelling or capital markets. You should:

- Have an MBA in finance;
- Be a sound mathematician;
- Be familiar with micro computer modelling including programming languages.

A base salary of £18,000-£22,000 is envisaged. We also offer a fully comprehensive benefits package, including mortgage subsidy and private medical care.

Please write with full c.v. to: Liz Knott, CL-Alexanders Laing & Cruickshank Holdings Limited, Buckersbury House, 11 Walbrook, London EC4A 3EL. Telephone 01-236 0667.

CL-Alexanders Laing & Cruickshank Holdings Ltd



NEW STOCKBROKING COMPANY

REQUIRES PRIVATE CLIENT

BUSINESS EXECUTIVES OR DIRECTORS

A group of experienced business executives are creating a new Company which will offer comprehensive stockbroking and fund management services to the private investor.

The group is now looking for individuals who have a private client base and who wish to influence the development of this organisation in line with current market requirements.

The new Company is to be privately capitalised and equity participation will be available. These positions are therefore likely to be of interest to individuals who feel that their own clients requirements are not being met from the facilities being made available through their present firm.

The Company will commence trading in August/September 1988 following successful Membership Applications to The Stock Exchange and The Securities Association. Comprehensive and efficient settlement facilities are now being implemented. Please apply, in Strictest Confidence to Box No. A0850, Financial Times, 10 Cannon Street, EC4A 4BY.

Swiss Bank specialising in ship finance is looking for an EXECUTIVE

Who has an experience of ten to fifteen years in ship finance and preferably in Maritime Law, capable of a very conservative assessment of ship loan applications. Compensation and benefits commensurate with the position. If such a challenging activity appeals to you, please send your resume in confidence to the Personnel manager, Cipher.....W 01-118559, PUBLICITAS, CH-1211 Geneva 3.

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01-930 5452 (24 hrs)

KINGSTON POLYTECHNIC

FACULTY OF BUSINESS & LAW
KINGSTON BUSINESS SCHOOL

MANAGEMENT & BUSINESS DEVELOPMENT ADVISER

The appointed will be at Lecturer II/Senior Lecturer level. Up to £18,294 pa inc.

The Management & Business Development Unit seeks to extend their team of Advisers/Consultants, to provide management development in an increasing range of client organisations. The work involves helping senior managers to lead the growth of their businesses, by designing and running project-centred management development programmes within actual business situations.

The person appointed will be a graduate or hold equivalent professional qualifications, must have experience in a management role and a proven ability of establishing objectives and achieving results through other people. You must be aware of the significance of strategic and people issues in an organisation and possess the skills needed to work in these areas with senior management. The ability to establish credibility with senior managers in at least one of the following areas is essential: general management, finance, marketing, public administration, operations management, information technology or corporate planning.

We would be interested to discuss a secondment from industry to one of these appointments for a limited term.

For further details and an application form, please contact the Personnel Department, Kingston Polytechnic, Penryn Road, Kingston upon Thames, Surrey, KT1 2EE, telephone 01-548-1088 Extension 2153, quoting reference JS 334.

CLOSING DATE FOR THE RETURN OF APPLICATIONS: 16TH MAY 1988 BUT APPLICANTS WILL BE CONSIDERED UP TO SHORTLISTING DATE.

AN EQUAL OPPORTUNITIES EMPLOYER

<p>ACQUISITION FINANCE To £35,000</p> <p>A leading international Bank has recently formed a Special Finance unit from elements of its investment and commercial banks. This unit handles major projects, aircraft leasing and corporate finance (MBOs, LBOs etc). To strengthen this team we are recruiting an experienced marketing manager with special expertise in acquisition finance. Additional experience in the aircraft, property and leisure sectors would be useful.</p> <p>Contact Jocelyn Bolton</p>	<p>CREDIT AND CAPITAL MARKETS £30,000</p> <p>Our client is one of the UK's most highly regarded merchant banks. A decision to more actively market its Capital Markets and treasury-based products to its UK corporate clients has created this opening. For the top-flight young banker working in relationship management, this role offers the chance to develop as a capital markets specialist within the context of UK marketing. Career prospects are excellent.</p> <p>Contact Felicity Hother</p>	<p>PROPERTY MARKETING £25,000</p> <p>Our client is a leading UK investment bank, with an impressive reputation for the quality of its Property business. The Property team is responsible for developing strategies and financial packages including investment and equity based products. Working closely with other professionals you will be responsible for maintaining and developing the Property portfolio. You should be able to demonstrate proven marketing and communication skills backed up by a credit training preferably in a property based environment.</p> <p>Contact Anita Harris</p>
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For further information please telephone 01-606 1706 or send a Curriculum Vitae to the address below.

Anderson, Squires Ltd.,
Financial Recruitment Specialists
127 Cheapside, London EC2V 6BU

Anderson, Squires

An excellent situation has just been created in London.

U.K. income tax rates are now lower than most other European countries. On the strength of this, Merrill Lynch are aiming to expand the services we provide to Private Clients.

We are looking for high performance registered representatives to work in one of our London Offices. Are you one of them?

Do you have at least 2 years experience in banking, securities or insurance? Are you organised, assertive, self-motivated, ethical, goal orientated and able to take direction?

Would you like to work for one of the largest and most creative global firms in the industry, which provides training and a wide range of relevant products and services with an involved, strong, non-competing and motivating management?

If so, contact Walter Elliott between 9am and 7pm on the 27th, 28th and 29th April or 3rd and 4th May on 01-581.7451.



Pension Funds Investment

'A presence in the marketplace'

Our client, a leading international investment management group has recently combined its UK and Global Pensions businesses thus consolidating their presence in the worldwide pensions marketplace. Similarly, the pensions professional they now seek will have already established a strong personal presence in this market, therefore capable of undertaking this important pensions marketing role.

Much emphasis is placed on an ability to deal at senior levels. The orchestration and attendance of key client investment reporting meetings on a regular basis will involve close liaison with the Investment Directors. Deputising for the M.D. in all client support matters, specifically providing services to major UK pension fund clients will involve client and potential client contact with the most senior UK pension fund managements. In addition, you will maintain relationships with key consultants/consulting actuaries who advise these 'major name' clients.

Aged 35 to 45, your 'presence in the marketplace' will come from a strong background in either investment, management or consultancy work in pension funds, following a degree or relevant professional qualification. You will also have plenty of drive, a high degree of professionalism and top communication skills.

Naturally, this senior appointment attracts an appropriate level of salary plus the range of executive benefits expected from an internationally successful financial group.

In the first instance, please write with full cv. This will be forwarded direct to our client. List separately any companies to which your application should not be sent. Chris Plowman, ref. CPB/17.

MSL Advertising,
32 Aybrook Street,
London W1M 3JL.



Credit and Marketing

A unique opportunity for an experienced bank lending officer

c.£40,000 plus benefits

Our client is a well-known international organisation providing specialised credit services to the corporate and investment communities.

As a result of rapid growth in the London office a person is now sought to contribute to the further development of the company's business with UK and European companies and investment institutions. This will require the development and management of relationships with the senior management of major UK and European companies.

The person appointed is likely to have had at least five years' experience of marketing banking and capital markets products to UK and European companies and will have had extensive credit training and experience. Language skills would be particularly valuable.

The salary is negotiable around £40,000, depending on qualifications and experience, and an attractive benefits package, including a car and non-contributory pension, will be offered.

If you would like to consider this position please write in confidence - enclosing a CV to, Douglas Austin, ref. B.7030.

MSL International

MSL International (UK) Ltd,
32 Aybrook Street, London W1M 3JL.
Offices in Europe, the Americas, Australia and Asia Pacific.

Analysts

As a leading Securities House, our client now forms an integral element within one of the UK's leading Merchant banking groups. Fleet Partnership has been retained to assist in the selection of outstanding analysts in the following sectors.

- * Breweries
- * Chemicals and Pharmaceuticals
- * Textiles
- * Banking and Financials

In order to qualify candidates will undoubtedly have already built a sound analysis on research reputation in the City. Contact, in total confidence, Elizabeth Sullivan.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours)

NatWest International Trust Corporation Group

VACANCIES FOR TRUST OFFICERS & ASSISTANT TRUST OFFICERS IN THE CAYMAN ISLANDS

The NatWest International Trust Corporation Group, one of the largest Groups of Companies offering International Financial Services, wishes to engage Trust Officers and Assistant Trust Officers for its Cayman Islands Office.

Applicants for the Trust Officer positions should have at least a minimum of five years experience in their field, and possess the Institute of Bankers Trustee Diploma, a Law Degree or the equivalent professional qualification, while applicants for the Assistant Trust Officer positions should have a minimum of three years experience and have at least Part 1 of the Trustee Diploma.

The posts to be filled offer an attractive tax-free compensation package which includes allowances and annual return airfares for the officer and his dependants, a non-contributory Pension Plan, and medical and life insurance coverage.

Interested applicants should forward a full résumé of education, qualifications and experience to:

R. John Willis, Vice President,
NatWest International Trust Group,
4 Finch Road, Douglas,
Isle of Man

who will arrange preliminary interviews with selected candidates in London. All applications will be treated in the strictest confidence.

MEMORANDUM

To: Graduate accountants/lawyers/MBA's, aged 25-32
From: Angela Britton

SUBJECT: INTERNATIONAL MERGERS AND ACQUISITIONS

Please note that a number of capable individuals, with 1-5 years' experience are sought by the international merchant banking arm of a global group.

Opportunities exist for Executives/Associate Directors in a salary range from c.£30-60,000 plus bank benefits.

Naturally, the environment is stimulating, the work challenging and the prospects for career development excellent.

To further your interest, please write to me enclosing a CV or telephone for a personal history form quoting ref. 5070.

RECRUITMENT SELECTION & ADVERTISING
EXECUTIVE CONNECTIONS
3rd Floor 43 Eagle Street
London WC1R 4AP Tel: 01-272 8103
or call John Constance on 01-549 5579 out of hours

360 GALLERY

CONTEMPORARY SCOTTISH ART BUSINESS CENTRE

The 360 Gallery is one of the most exciting arts organisations in Scotland. Situated in the heart of the Old Town of Edinburgh, and having recently completed an ambitious conversion of a three-storey building into a multi-purpose visual arts centre. It now requires a Business Manager to exploit the potential of these facilities. This post is for an initial six month period, and is being funded by the Arts Council of Great Britain under the terms of its new Incentive Funding scheme.

The successful candidate should be experienced in the preparation of business plans and the management of growth with a flair for marketing and development. Financial management skills and direct experience of the visual arts are desirable but not essential attributes. The successful candidate should be a paid secondment from the private sector.

Salary/fee negotiable. Applications and enquiries should be made to Diana Milne, Chairman, 360 Gallery, 224 Cowgate, Edinburgh EH1 1ND. Tel: 031-225 3013.

The closing date for applications is 20 May 1988.

THE CITY PROGRAMME

RESEARCHER/JOURNALIST

We require a Researcher/Journalist to join the team that launched our successful financial weekly programme last Autumn. A background in financial journalism is essential; familiarity with television production techniques will be advantageous.

The position is a contract post within the Current Affairs Department at our Euston studio complex.

For an application form, to be returned by no later than the closing date, Friday 6 May 1988, please contact the Personnel Department on: 01-367 9494.


Thames is an equal opportunities employer and welcomes all applications regardless of sex, ethnic origin and marital status.

FINANCIAL CONSULTANT

We are seeking a FIMBRA member to be based in the Hampshire area to join us and be responsible for the development of our services in conjunction with a major UK stockbroker. The successful applicant will be over age 30 and have a minimum of 5 years experience in the financial services industry.

The post, which is salaried, includes a bonus structure, car, BUPA and a share option scheme.

Please write in the first instance with full cv to: D Scott, Managing Director, Weybourne Financial Services, Weybourne House, 214 London Street, Chertsey, Surrey KT16 8AA



Quantitative Analyst

Reporting directly to the Head of Research, the successful candidate will have a strong background in Maths or a Mathematical Science, possibly to PHD level, and some experience in analysing Fixed Interest Markets. Duties will encompass sales support, trader support and research, initially in Gills but with a developing involvement in International Bonds.

The expectation is that this role will lead increasingly to direct marketing of research ideas to clients, and therefore verbal communication skills will be critical to the progress of the successful candidate.

This position offers a challenging opportunity for the right candidate in an environment where Research is highly regarded, and where career prospects and financial reward are excellent.

Please apply in writing, supplying a full curriculum vitae to: Fiona Cartwright, Personnel Department, Kleinwort Benson Group, 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Grieveson Charlesworth

PRESIDENT

American Graduate School of International Management

The president is the CEO of the institution, reporting to the board of trustees. The School is seeking an individual, who has clearly demonstrated effective leadership ability in academic, business, and/or government. Candidates will be considered on their overall strength and the most appropriate balance of the following qualifications:

- A Ph.D. or equivalent degree in business administration, economics, modern languages or international studies.
- High-level international business or government experience.
- Administrative experience as a university president, a vice president, dean or equivalent high position in government or business.
- Familiarity with foreign cultures.
- Capacity for leadership and commitment to resource development.

The School, known widely as "Thunderbird," grants Master of International Management degrees to more than 900 graduates each year and is ranked the nation's number one graduate school of international business.

President's Office c/o Founders Hall, Thunderbird Campus, Dep. V-4, 15249 N. 59th Avenue, Glendale, Arizona 85306

CORPORATE TREASURY DEALER

£50,000

This rapidly expanding Treasury House requires a very high achieving young (late 20s) Client Orientated FX dealer. Excellent communication skills coupled with thorough dealing experience including SWAPS, FRAs essential.

STEPHEN SHANAHAN
01-581.9403
Dobbs House, Appledram, 8 Brunel Road, Epsom, Surrey TW20 2DZ

EQUITIES

ANALYSIS & SALES

Our clients require experienced - Equity Salespeople - Investment Analysts - Support Staff

Telephone
DR. ELSPETH DAVIDSON
01-439 1701

<p>SENIOR MARKETING OFFICER £35,000-£40,000</p> <p>Major Merchant Banking Group currently seeks a Senior Marketing Officer to provide a marketing role for securitized debt, exposure management and investment instructions to financial institutions. Educated to a high standard with a thorough knowledge of corporate finance you will have a minimum of five years' experience in a financial environment coupled with well developed interpersonal skills normally associated with such a position.</p>	<p>FINANCIAL CONTROLLER £35,000</p> <p>Our client, a leading European Bank seeks to recruit a Financial Controller. Reporting directly to the General Manager, responsibilities will include company strategy, management information systems, manpower utilisation and accounting controls. It is essential that you are a qualified Accountant from a banking institution and keen to move into a more creative and challenging environment.</p>	<p>MARKETING OFFICER £30,000-£35,000</p> <p>A wide product knowledge together with solid marketing experience is sought by expanding Marketing Department. Establishing new and maintaining existing relationships with medium to major UK Corporates, you will ideally have experience in this client market.</p>	<p>JUNIOR MARKETING OFFICER TO £20,000</p> <p>Major European Bank offers the opportunity to a young Credit Analyst to move to a full marketing role. In-depth training and support will be given. However they expect the successful candidate to be up and running in the near future. Previous International Marketing banking experience together with a degree are essential requirements.</p>
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JOSLIN ROWE
RECRUITMENT CONSULTANTS
1st Floor, 12, Old Broad Street, London EC2N 2DL 01-628 2888

ACQUISITION ANALYST

£30,000 and bonus and car and pension

Acquisitions Analyst required for European holding company. Must have at least three years experience covering positions in UK, US and Continental Europe. Degree in business administration required. Excellent academic and work performance and at least one European language. Mastery of LOTUS or other computer based analysis essential. Ability to interact effectively with bankers, lawyers and accountants.

Applications with full CV to Susan Butler, PER, Rex House,
4-12 Regent Street, London SW1Y 4PP

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CJRA GRADUATES IN BANKING

LONDON AND PROVINCES c£15,000 + FULL BANKING BENEFITS
BRANCH BANKING DIVISION OF MAJOR UK INVESTMENT BANKING GROUP

Our client, the prestigious branch banking division of a major UK banking group, seeks applications from young graduates with 1-2 years' clearing/investment banking experience to join their expanding organisation in London or the provinces. Candidates should be committed to a career in branch banking and have completed at least part of the ACIB examinations. An outgoing personality, drive and initiative are key requisites for these appointments and the successful applicants will have the ability to assume early responsibility. Salary is negotiable with a full range of banking benefits. Applications in strict confidence under reference GB2066/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

Head of Institutional Relations

Property Development Company

Our client is a rapidly expanding property development group with offices in the North West, Scotland and London. They have a substantial development programme, principally in the retail shopping sector, with a current development programme in excess of \$500 million.

They are seeking to recruit a Head of Institutional Relations, a new position, to develop close contacts with institutional property managers and to present the company's philosophy and prospects to the investing institutions. A prime responsibility will be to take a pro-active stance towards the institutions' property portfolios and offer suggestions regarding redevelopment and resale. The successful candidate will have a self-starting, dynamic personality and will have a sound understanding of property development and financing. Aged in their late 20s to late 30s, candidates are likely to be working in the financial services department of chartered surveyors, the fund management arm of an insurance company or pension fund, or the property financing unit of a bank.

They wish to attract an outstanding individual to this post and are prepared to pay a highly competitive salary plus a comprehensive range of benefits, with the possible inclusion of share options in due course.

Applications, which will be treated in the strictest confidence, should be sent to:

Impact Marketing Consultants Limited, (Ref 506), 26/27s Yard, 6-8 The Highway, London, E1.

AT A CAREER CROSSROADS?

Hill Samuel Investment Services is seeking executives, aged 25 to 50 and with experience in industry, commerce or the professions, to become Personal Financial Advisers. All necessary training and support will be given to enable you to promote the renowned range of Hill Samuel personal financial products and services.

Contact: Christopher Buckley, District Manager, Hill Samuel Investment Services, 3rd Floor, 1 Maddox Street, London W1R 9WA. Tel: 01-434 4583

FINANCIAL CONTROL MANAGERS

Boston Safe Deposit and Trust Company is one of the top 20 banks in the U.S. with balance sheet assets in excess of \$14 billion worldwide.

In the U.K., we are already established in a number of key financial sector areas with an office in the City. We have an aggressive plan to be offering a full range of corporate and individual banking services within the next three years.

We now seek managers to take overall responsibility for the accounting and reporting functions and to develop and document the necessary procedures and controls. Suitable applicants will preferably be qualified accountants or alternatively, qualified by virtue of several years practical experience in an international banking environment.

The positions offer an excellent compensation package including non-contributory pension scheme, reduced rate mortgage and private health cover.

Please write enclosing latest CV to Valerie Borley, Boston Safe Deposit and Trust Company, Three Quays, Tower Hill, London EC3R 6DS (quoting Ref: 049).

THE BOSTON COMPANY

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APPOINTMENTS ADVERTISING

For Further Information Call 01-468 8200

Tessa Taylor ext 3351
Debra Venables ext 4177
Patrick Williams ext 3884
Elizabeth Brown ext 3455
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Appointments Wanted

P.A. TO SENIOR DIRECTOR

wishing to move out of London, seeks interesting/demanding job in Oxford or South-West. Excellent secretarial skills and good experience in catering, administration and fund-raising. Own car + word processor.

Reply Box A0878, Financial Times, 10 Cannon Street, London EC4P 4BY

FRN TRADER 30s c£50,000 p.a.
Well-known European bank seeks very experienced floating rate note dealer already working for a prime name. 4 years' experience necessary.

GILTS TRADER Age 30s/40s c£50,000 p.a.
International bank seeks gilt trader with minimum of 5 years' experience to build up its market making presence in gilts.

ACCOUNT MANAGER UK CORPORATE BANKING Age to 30 yrs Salary to £25,000 p.a.
A US or major international bank trained account officer is sought by prestigious international bank in course of increasing its marketing team.

The right person, a graduate, will manage effectively and profitably the accounts under control, broadening the spread of existing business and creating marketing momentum with potential UK clients. The development of meaningful relationships with existing and new clients will be of prime importance.

Good analytical skills are necessary, a good grasp of economic and environmental indicators as also ability in drafting facility documentation.

PROJECT FINANCE ASSISTANT Age c25 Salary to £17,000 p.a.
Numerate graduate project finance assistant, familiar with Lotus 123 or Symphony as user and experience in a project finance team, is sought by international bank with significant presence in this sector advertisement.

All enquiries will be treated in strictest confidence. Please speak with Elizabeth Hayford on 377-5040 or write to her at:-

LJC BANKING APPOINTMENTS

Devonshire House, 145 Bishopsgate, EC2M 4JX.
01-377 5040

DIRECTOR - PROPERTY FINANCE WEST END £40,000 +

NYCKELN FINANCE COMPANY LIMITED is the recently established U.K. subsidiary of NYCKELN HOLDING AB - one of Sweden's largest finance companies.

As part of a planned expansion programme, we now wish to recruit a professional banker with entrepreneurial ability who will take responsibility for the further growth of an existing property portfolio.

Applicants (aged c.30-35) should be able to demonstrate a successful track-record over several years in property leading (residential, commercial and development financing) in London and the Home Counties, preferably also with experience of syndications, equity profit participations or joint ventures. This key position will report to the Managing Director and the attractive compensation package is dependent only on experience and ability.

Please send detailed C.V.'s in confidence to:
Ross W. Tanner, Managing Director, Nyckeln Finance Company Limited, 27 Hill Street, LONDON W1X 7FB. Tel No: 499 4731

SENIOR MARKETING ROLE

SENIOR MANAGER UK FINANCIAL INSTITUTIONS AND CORPORATES Max age 40 Salary up to £40,000 p.a.

A senior UK marketing manager, a graduate, is sought by international bank with sound capital strength and first-class standing.

The ideal person will probably have an American or major international bank credit training, experience as a UK calling officer and will then have progressed in a managerial marketing role, developing banking relationships with major UK financial institutions, insurance companies, investment trusts and finance house. Initially, the position will also encompass marketing commercial and merchant banking products to some UK corporates. The reporting line will be to the Assistant General Manager, UK Corporate Banking.

Institutional transactions will cover clearing functions, cash management, custody services and overnight investment services, as also a full range of trade related products.

A creative but carefully planned approach is important in filling the needs of these financial institutions and corporates in an increasingly complex and globally inter-related financial environment. For a marketing professional, the results and rewards will follow.

This is an exceptional opportunity in an already successful bank in course of expanding its presence and services.

In addition to salary the bank operates an excellent bonus scheme and a full range of banking benefits.

All enquiries will be treated in strictest confidence. Please speak with Elizabeth Hayford on 377-5040 or write to her at:-

LJC BANKING APPOINTMENTS
Devonshire House, 145 Bishopsgate, EC2M 4JX.
01-377 5040

Jonathan Wren

Leasing Division

ASSET FINANCE

The buoyancy of the leasing and asset finance market is emphasised by the increasing demand for innovative individuals whose expertise and abilities are not restrained by traditional boundaries. The following current vacancies highlight the specialist disciplines required:-

INTERNATIONAL APPOINTMENTS

MARKETING MANAGER - PARIS £Neg
Bilingual skilled big ticket leasing negotiator, with proven structuring ability.

SENIOR LEASING PROFESSIONAL - SPAIN £Neg
A thorough knowledge of the Spanish market with ability to source and close middle/big ticket domestic leasing transactions. Fluent Spanish.

VENDOR PROGRAMMES - WEST GERMANY c£50,000
An exceptional opportunity to join a leading international hi-tech manufacturer to develop creative cross border vendor programmes.

UK BASED APPOINTMENTS

SENIOR ASSET FINANCE £100,000 +
A first class marketing professional with exceptional asset finance, capital markets and syndications knowledge, within the domestic and international big ticket sector.

MANAGING DIRECTOR - SALES AID c£60,000 + profit share
Senior professional capable of identifying and developing opportunities based on 4/5 years' experience of negotiating manufacturer support programmes.

F.D. DESIGNATE £Neg
ACA with first class accounting, treasury, funding and evaluation skills gained within a leasing environment. Start-up operation.

V.P. AIRCRAFT FINANCE £45,000 + benefits
Individual sought with proven track record in negotiating and structuring complex cross border transactions within this specialist sector.

SENIOR CREDIT MANAGER to £35,000
US credit trained capable of operating at senior level providing in-depth risk analysis and marketing support.

ACCOUNTANTS (x 5) £20,000 to £28,000
ACA's with leasing experience gained either directly or via audit function.

MARKETING POTENTIAL £18,000 to £25,000
Several opportunities for graduates with credit, evaluations and documentation experience, within the middle/big ticket markets. Excellent career prospects.

Please contact in strict confidence

Jill Backhouse Associate Director
Peter Haynes Senior Consultant
Sarah Stone Consultant

LONDON HONG KONG SINGAPORE SYDNEY

Jonathan Wren

Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

Head of Administration

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

ARTS

Television/Christopher Dunkley

The dangers of formula drama

Drama is the most expensive type of television to produce. In the USA it now costs well over \$2m an hour to make a series such as Miami Vice and in Britain the figure for a prestige series such as Fortunes of War goes as high as £300,000 an hour. While the costs of other programmes (sport, current affairs, documentaries and so on) have trebled or quadrupled in the past 12 years, drama costs have multiplied seven or eight times.

Yet there is no shortage of drama. On the contrary, there seems to be more on offer now than at any time in the history of television. Moreover the choice is as diverse as it has ever been, from the soap operas - British and Australian - which now dominate the Top 10 (there are nine soaps in this week's chart, plus a repeat of the 25-year-old Step by Step) to BBC's Talking Heads, a series of subtle, funny and deeply intense monologues written by Alan Bennett.

But that diversity is misleading. A survey of the drama currently on offer suggests that a large, and increasing, proportion consists of material produced to suit the demands of the marketing men, the exporters and the co-production departments, while an ever shrinking proportion results from the determination of individual authors to achieve self-expression.

That is not to say, of course, that the marketing men's drama is all bad. Even though popularity is their chief criterion, and popularity is no guarantee of quality, it is not necessarily a guarantee of mediocrity either. The American television industry is governed almost entirely by marketing men, and it is very rare that a single programme, let alone an entire series, emerges in the US from the genius of a single author. The reason for the absence of "auteur theory" in television is, that, willy nilly, there are precious few auteurs.

However, if your preference is for television drama that does not bring your withers, nor question your politics, nor face you with real sexuality, but which maintains a narrative line, develops sympathetic characters, includes a little comedy, touches upon the broad social issues of the day, and generally provides a high level of entertainment - which is what millions of viewers do want at the relaxing end of a hard day - then there is nothing to touch American programmes.

Thanks to the heterogeneity of the USA's immigrant population, American television producers have to cater for a domestic audience which is virtually a microcosm of the world audience. Learn to make programmes which simultaneously please America's Puerto Ricans, blacks, Italians, Germans, Scandinavians, Jews, Anglo Saxons and so on, and you can pretty well guar-



Jeremy Brett in "The Return of Sherlock Holmes"

antee international success. Hence the global achievements of The Untouchables (from the fifties), The Beverly Hills Cop (sixties), Dallas (seventies), and Cheers (eighties) all of which are running in the British schedules at present, and in other countries around the world.

This month has seen the start of two more American series in Britain: Legwork and Hooperman. Both are ostensibly crime series, both are alarmingly easy to watch, and significantly both spend most of their time on matters other than crime. Hooperman is about a handsome young detective in San Francisco, and the plots of the first two episodes have involved the tenants of the apartment building which he has inherited, along with an irritating terrorist, from his murdered landlady.

Both series display clear traces of the anti-auteurism of Hooperman is the latest offering from Steven Bochco who created Hill Street Blues and LA Law and, once again, much play is made with the up-ending of stereotypes: Hooperman's police station is run by a woman, Hooperman is anti-macho and happy to join in a crying jag with his boss; the station's resident sex-mad police officer is a stunning young woman who is hell-bent on seducing the station's resident homosexual. Under this uniform I'm wearing a sheer silk teddy" she whispers to him, simultaneously creating lust among male hetero-

sexual viewers and winning Bochco brownie points from the anti-stereotype brigade - sheer genius!

Legwork is a sleuthing series and this being the age of Casper and Lacey, the detective - who drives a Porsche and lives in a New York apartment - is a pretty young woman named Claire McGarron. It is not previous series such as McCloud or Cannon which have most clearly affected Legwork, however, but Moonlighting. In this week's episode of Legwork the villainess wore a white Lycra bathing costume cut high on the thigh, a white silk cape, and gold hoop ear rings - around the house, and when the heroine passed a labourer with a pneumatic drill, instead of wolf-whistling and proffering an erect fore-arm he addressed her longingly in sub-Shakespearean rhyming couplets.

There is nothing wrong with all this, it is satisfactorily amusing, but whereas Hill Street Blues and Moonlighting came at you off the wall, with a striking originality of approach which brought them tremendous success, these new series have clearly been meticulously contrived to repeat the trick. In other words, what we have in Legwork and Hooperman is formula drama.

The same applies to a disappointing large number of recent or current British offerings, though thankfully there are exceptions. Granada's series The Return of Sherlock Holmes has

got remarkable mileage out of emulating Holmes's authentic eccentricity; BBC's A Very Peculiar Practice did convey a truly individual voice, that of Andrew Davies; and with Talking Heads Bennett powerfully reinforces his claim to be considered one of the true auteurs of this medium. Patricia Routledge did him proud last night with her unerring portrayal of the middle class busy-body in "A Lady of Letters".

But Sophia and Constance looks and feels like the sort of thing the BBC drama department could produce on autopilot, and once you have seen classic adaptations as good as Granada's Hard Times and, above all, the BBC's own Bleak House, it is dispiriting to have to go back to material as mundane as this (though the fault may be partly Arnold Bennett's; perhaps The Old Wives Tale is one of his more boring books).

Worst of all, much of ITV's drama output in recent months has been looking more and more like the product of an industrialised system in which colour-coded sections are mass produced by factory robots and then bolted together by marketing men. The Sunday evening series Gentleman and Players is a prime example: the cars, the Sloane Ranger women, the locations, the City jargon, the leisure pursuits are all there, but the heart of the matter is missing. What is missing is any hint that the whole thing might have begun with somebody who had a story to tell. Each episode is like a 60-minute ad for Martin!

The American upsurge of drama from ITV is depressingly similar. CodeName Ego, The Woman He Loved, and Wall of Tyranny all looked like determined attempts to fulfil precisely preconceived formulae: the sixties spy drama, the royal romance, and the international romance.

The awful irony is that if the British do stop making outstanding and specifically British drama series such as Jewel in the Crown, Edge of Darkness and The Singing Detective (all of which are currently being optioned instead for the international market), the laurels are going to pass to the Americans because, when it comes to international appeal, they are virtually unbeatable. Yet they do not set out with that in mind, and in their case happens to be virtually "international" and the British should similarly stick to their last.

Nobody planned for The Forsyte Saga or Yes, Minister to sell globally; they were tailored for the British audience and proved later to have international appeal. That should continue to be the process if quality is going to count for anything, even if finance does prove more difficult.

Sore Throats/Theatre Upstairs

Michael Coveney



James Laurensen, Linda Marlowe and Hetta Charley

Howard Brenton's 1979 play is given a revival both tender and fierce by Nancy Dringuid in the Royal Court's Theatre Upstairs. "We've got to go further with ourselves" says Judy, the abused divorcee who has blown the income from the sale of the house on an extended sybaritic binge with Sally, a rootless girl who came to rent a room and stayed for the party.

The girls' "experiment" in living, in which no-one really does the washing up and imaginary boys are seduced in the dark, echoes the emotional shadow play downstairs on the main stage, where Brenton's Bloody Poetry charts the pursuit of happiness in the Villa Diodati by Shelley and Byron.

The first act of Sore Throats (Brecht said "I have heard that lovemaking can give you a swollen throat. I don't want one.") is one of the finest and most savage things Brenton has written, ferocious and shocking like some of his early Portable Theatre plays, but shot through with the melancholic sadness of a failed marriage. A policeman, a chief inspector, wants his half of the house. He smashes Judy in the mouth, kicks her in the face and "Why did you always let me hit you?" Sally turns up, chasing an ad she has monitored at the Evening Standard, and saves the day.

The room is spare, bathed in a livid green light. Jack's pen-knife lies worryingly open on the scrubbed boards. The tension is superbly maintained in the performance of Linda Marlowe and James Laurensen, the one bleached out and lonely after 20

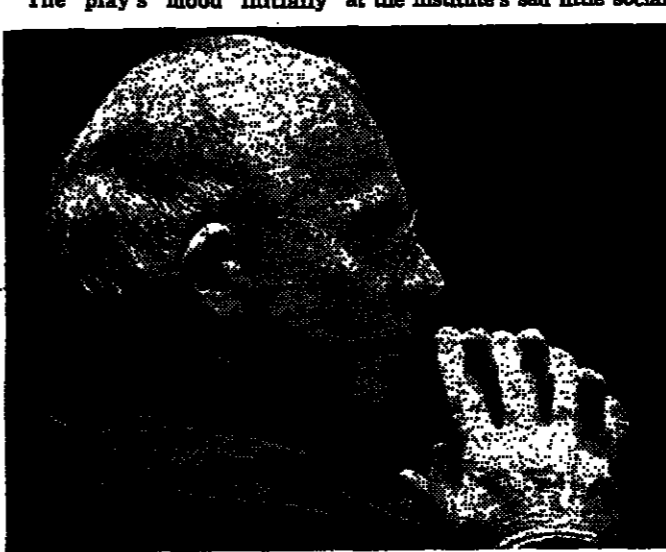
years of misery, the other desperate to subsidise with marital booty a somewhat sordid new liaison with the union Celia. After witnessing a scene of barbaric violence, we hear Judy read from a letter her son has sent from Africa about rough justice administered to a petty thief. Judy's physical disgust at this account is deeply ironic after he had crashed their car in the Canadian outback. The tables are turned, for the witness are now strong together. He is taunted

with wanting to abuse his own offspring, and Judy burns the rest of her money. The baby, it transpires, is a fraud, which only goes to show that a policeman's lot is not a sunny one. It is incredible to think that, ten years ago, Brenton was attacked by feminists for this deeply moral, beautifully written play. Its bitter humour is particularly well handled by the cast, and the production is ingeniously designed by Fortin Dimon and cunningly lit by Kevin Sleep.

Temptation/Pit

Martin Hoyle

entangled in bluff, double-bluff and equivocation. The play's mood initially



John Shrapnel

recalls the early, intimate comedies of Miles Forman, especially at the institute's sad little social

where the dancers move to Jeremy Sams's bittersweet banal waltzes or vacuously perky two-steps. The atmosphere's mixture of menace and absurdity is perfectly caught with repeating verbal patterns, the musical themes, as the edgy staff tosses certain nervous phrases around: "Have you had your soap?" "Did you sleep well?" "Looking forward to the social, are we?"

As a much-victimised disaffected, Harvel has seen no play of his performed since 1968, with one police-interrupted exception. One only hopes he knows how proudly productions like this keep his flag flying. In the general cat's cradle of spying, lies and betrayal there are few hillocks in the scrubby plain of John Shrapnel's Foustka exudes common sense, splendidly deflating the portentous and the sinister until it's too late. Barrie Rutter is superbly odious as the smacking Deputy Director, and the production is really brilliant since this is BBC teamwork at its best.

Berio/Elizabeth Hall

Andrew Clements

The London Sinfonietta's programme on Monday was conducted by Luciano Berio. It was nevertheless, a low-key affair, less because of the playing or conducting (which never fell below the Sinfonietta's conventional standard of excellence) than the result of an insubstantiality in the programme. If there was a "theme" then it was folk-song, transcribed faithfully in Ravel's Deux Melodies hebraïques, tingling the vocal lines in the Five Early Songs of Mahler that were heard here in Berio's orchestration, and forming the matrix of Berio's own Voci, subtitled "Folksongs II."

Completed in 1984, Voci is one of the most extensive of Berio's recent orchestral scores, a half-hour rumination for solo viola (the poised and eloquent Aldo Bennici, for whom it was written) and large orchestra around a clutch of Sicilian folk tunes. Its most telling passage is the opening, as the viola gradually awakens its colleagues in a long, nostalgic cadenza; there are many haunting felicities later too - the glittering instrumental combinations and melodic glosses so characteristic of Berio's aural imagination. But one is left with a feeling of material only partially explored, an expressive potential left untapped, that a work on

such a scale ought to have exploited.

Berio also conducted the first British performance of a revised version of his Requies, another 1984 work, and one dedicated to the memory of Cathy Berberian. It is the latest in the sequence of pieces in which he explores the possibilities of a single peripatetic melodic line which is toured around a chamber orchestra, ever changing in colour and texture and sparking subsidiary activities as it finds new contexts. Again it falls quite effortlessly on the ear, and again, equally effortlessly, out of the memory afterwards.

Berio's orchestrations of the Five Mahler Songs proved to be heavyweight - with some odd brass doublings where woodwind alone would have seemed sufficient - but clearly a labour of love. They were sung here by Thomas Hampson, self-consciously at times but unadmittedly in "Um schilme Kinder artig zu machen", and with penetrating directness in "Erinnerung". The result seems a curious hybrid neither a faithful recreation of the songs, nor a re-composition in Berio's own idiom, in which the two utterly distinct creative minds might have been inextricably intertwined.

Hakan Hagegard/Elizabeth Hall

David Murray

Hagegard's Winterreise yesterday counted not only as an "End Game" in the current South Bank series, but as a "Late Lunch" too - later than was comfortable for a few members of the large audience, though Hagegard took only a reasonable seventy minutes over Schubert's cycle; the last songs were punctuated by embarrassed departures. (The Smith Square lunchtime concerts are luckier, protected by the decorum required for live broadcasts.) The Swedish baritone's concentration

seemed not to be ruffled; in fact he had been learning better and better how to cope with this awkward ball as the cycle proceeded. Hagegard's pleasant, lightish baritone has long been familiar to lovers of Ingmar Bergman's TV Zerkowide (he was the Papegen), and it hasn't changed much. He uses it with poise and clarity, without a strong lower register, he relies upon intelligent phrasing and contrast to achieve something like the due breadth for Winterreise. Deep

brooding is not an effective option for him, and sensibly he kept to generally brisk tempi. Early on, some dry vehemence (in "Getronne Traenen", for example) emerged almost pitchless; but later in "Arctic" he tossed light higher phrases into the air, artfully and tellingly, and spun out the final songs on an affecting thread of tone. This appealing, coolly expert performance got a still cooler accompaniment from the young American Warren Jones. His

Arts Guide

The Common Pursuit (Phoenix). Second London chance for flawed Simon Gray comedy about Cambridge graduates in love. Author directs good young cast of post-Python comedians including Rick Mayall and Stephen Fry. (938 224, C2 240 9651). Easy Virtue (Garriek). Transfer of

King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107). Bloody Poetry (Royal Court). Howard Brenton seasons inaugurated with this fine play about Byron and Shelley, a fierce meditation on the unloved artist in exile. Stan Thomas a notable Mary Shelley. Marc Stafford-Clark directs. (730 1745). A Touch of the Poet (Comedy). Vanessa Redgrave and Dudley Sutton in profile but fascinating O'Neill play set in the aftermath of the

European republican upheavals. Dalton is Cos Melody, a Byronic writer who dies in the bar. Redgrave his loyal but defeated spouse. (930 2874, C2 839 1438). South Pacific (Prince of Wales). Traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven telling us "wash the hair, wash the hair, wash the hair". Smallie Belmont on her hair. Shirley Valentine (Vandeville). Pauline Collins in fine and funny monodrama by Willy Russell of 1982, for a Liverpool housewife on Corfu. Shades of Ibsen's Nora and Beck-

ett's Winda, with Jones. (838 9367, C2 379 4444). Ends April 30. The Piccolo (The Opera (Star Line)). Spectacular, nourishing new musical by Andrew Lloyd Webber. (838 9344, C2 379 4444). Traditions (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages neatly underpin an old burlesque reunion in a New York restaurant. (838 9344). Sweeney Todd (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City of London comedy for champagne-swilling yuppies: how the Big Bang led to class zzzzzt and harrow-boy dealings on the Stock Exchange. (838 9344, C2 379 4444). Ends April 30. Back with a Vendegance (Strand). Barry Humphries, indisputably the outstanding comedian of the age, has extended his triumphant London season to July 8. Dame Edna Everage has now earned full immunity to good taste, while the bilingual diplomat Sir Les Patterson touches new heights of degradation. (838 2880142). Haggard (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics in a splendidly text and cleverly entertaining. Patsy Kensit is the spongy intelligence agent. Robert Rees and Nigel Hawthorne in elegant support. Double meanings and double identities abound. (838 6424, C2 379 4444).

visually startling and choreographically daring. (239 6227). The Impassioned Musical Ever in America has not only supported Joseph Papp's Public Theatre for 25 years but also updated the musical genre with its backstage story in "The Impassioned Musical Ever in America" rather than emotions. (239 6227). Les Misérables (Broadway). Led by Colin Wilkman repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama. If not strict adherence to its source. (239 6227). Spotlight Express (Garrick). Those who saw the original at the Victoria in London will hardly recognize its American transmutation: the scenes do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (689 6110). He and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated tenderness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably Siskel. (497 0252).

the music of Rupert Holmes for which the pop composer won a Tony. Ends May 1. (254 3710).

April 22-28

TOKYO

The Wars of the Roses (Tokyo Globe Theatre, Shinjuku). The English Shakespeare Company opens Tokyo's newest theatre with Michael Bogdanov's lively and inventive production of Shakespeare's English history plays. The theatre was designed by RIBA gold medalist, Arata Isozaki, as a witty pastiche of the Elizabethan original. A bare stage throws the focus onto the actors and onto costumes that range from medieval through Victorian to punk. Barry Stanton's fine Falstaff in Henry IV is an excellent foil to Michael Pennington's singular Prince Hal. In English. Six plays in repertoire. (943 4761). Bushiki (Theatre Apollo, Shinjuku). A recent survey indicated that Yume no Yuzubashi is the most popular theatre group among today's young generation. Hideo Noda's productions are complex fantasies with a strong vein of surrealist humour, rather as if Monty Python were invited to attend a traditional Japanese street festival. Noda himself is a high-energy comic performer of great charm and the entire company is skilled in song, dance and acrobatics. Hamshin (half-dog) is about Shizune's twists and attempts to separate them, but the plot is less important than the outpouring of visceral invention. Total Theatre at its most exuberant. Yuzubashi Takera (Shinjuku). This season's successful super-legendary kabuki production by the kabuki theatre's greatest showman, Ichikawa Danjuro, has already broken all the records that a new show can possibly break in Japan. Its sheer size and spectacle put it in the same category as the most extravagant Broadway musical. (941 2211). Ends April 28.

Saleroom/Antony Thorncroft

Top price for Canaletto

Phillips managed the top price of the day, with the £165,000 paid by the Artemis Group for a small Canaletto painting, and an unusual one, of the church and campanile of Santa Maria Zobenigo in Venice. So untypical is it that at one time it was attributed to Bellotto, but its provenance seems secure enough now, and the price was five times the estimate.

ously its appeal fingers. Archibald Thorburn's paintings of game birds remain very popular and a price of £22,100 was paid by a private collector for a cock and hen pair in a glade. Andrew Nicholson is also in demand and a pretty view of flowers in Londonderry trebled its estimate at £19,250. Hazellet Gooden & Fox was busy again, acquiring a drawing by Rossetti of his mistress, later his wife, Elizabeth Siddal. Executed in 1850 it shows her already a victim of laudanum addiction. In 1883 the sketch sold for less than five pounds.

The Old Master auction brought in £718,410, with 22 per cent unsold. Hazellet Gooden & Fox bought "Desdalus fixing the wings of Icarus", attributed to Il Battistello, for £74,800, four times forecast, while a telephone bidder secured a view of Naples by Joseph Melgarolo for £50,600, against fierce competition. A Jacob Ruisdael scene of a water-fall was on target at £49,500.

Across at Christie's English drawings and watercolours did well, bringing in £315,739 with only 7 per cent unsold, and with most top prices way above estimate. None more so than the £23,000 paid by dealer Roy Miles for a tiny watercolour, five inches by four, by Millais, a copy of his famous painting, now in the Tate, "The Order of Release". This work, showing a Highland wife handing to a suspicious English soldier the warrant for the release of her husband, imprisoned after the '45, was so popular among Victorians that Agnew's gave Millais fifty guineas to make this tiny copy in 1863. In 1901 Agnew's bought it again for 170 guineas. Yesterday it carried a £6,000 top estimate but obvi-

ously its appeal fingers. Archibald Thorburn's paintings of game birds remain very popular and a price of £22,100 was paid by a private collector for a cock and hen pair in a glade. Andrew Nicholson is also in demand and a pretty view of flowers in Londonderry trebled its estimate at £19,250. Hazellet Gooden & Fox was busy again, acquiring a drawing by Rossetti of his mistress, later his wife, Elizabeth Siddal. Executed in 1850 it shows her already a victim of laudanum addiction. In 1883 the sketch sold for less than five pounds.

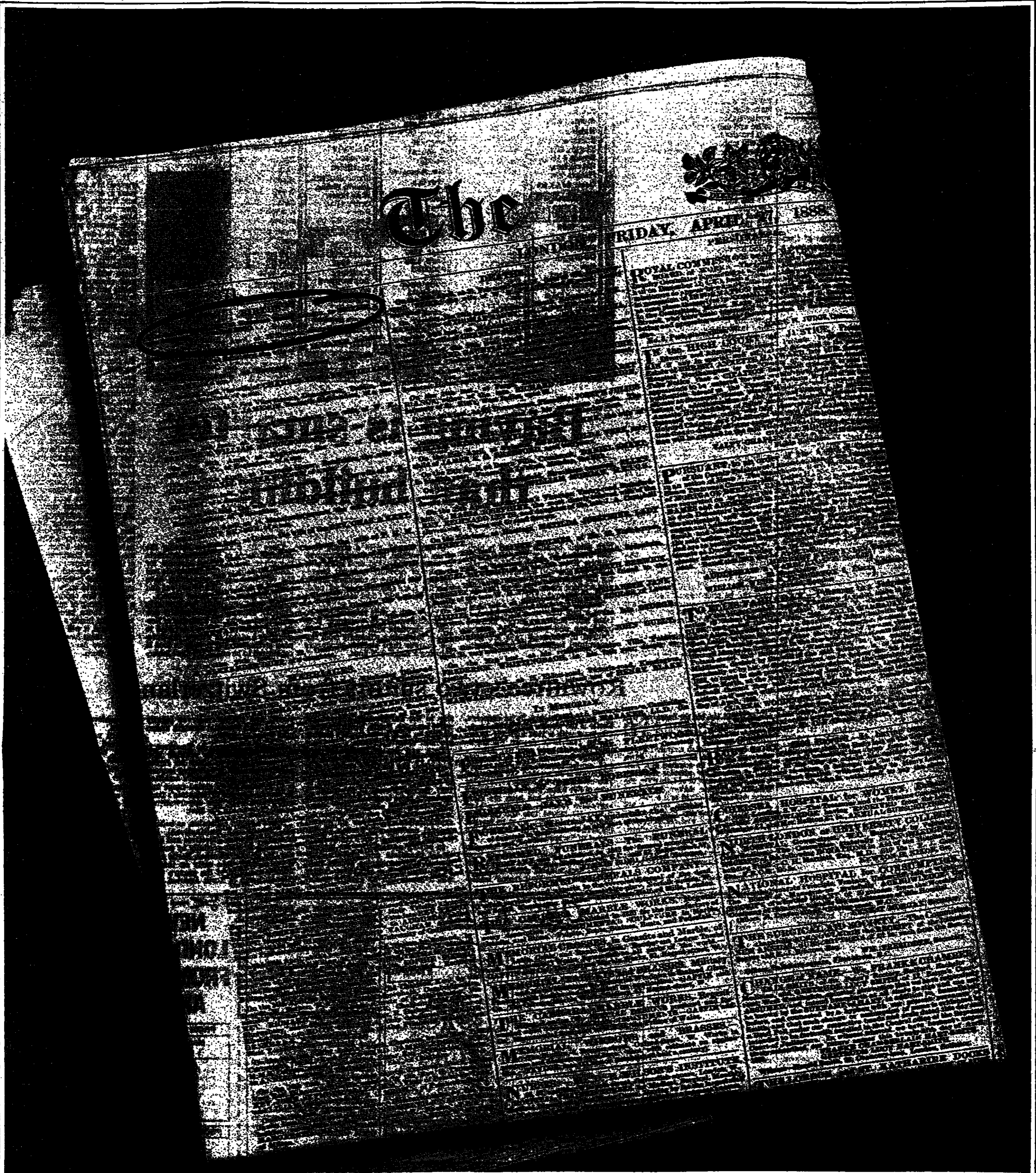
The Andy Warhol sale at Sotheby's in New York trundled on, and on Monday another \$567,000 was added to the running total. Top price in a session devoted to minor paintings was the £8,776 paid for a 1984 untitled painting by George Condo.

Meanwhile back in London an Italian collector bought a Purdey fine single trigger sidelock ejector gun, engraved by Ken Hefner, for £22,000. In a coin sale Baldwin bought a 1913 Wilhelm II 20 marks, gold, minted at Stuttgart, for £7,700, way above forecast. An Australian penny token, produced in Melbourne in 1855, showing the head of Lord Raglan, of which only two are known, realised \$8,800 to Spink. At Phillips furniture sale, rugs were out of favour but furniture did well, with a top price of £11,000 for a pair of Regency carved rosewood and brass mounted elbow chairs, which had a top estimate of £1,500.

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WASHINGTON advertisement. The Search for Signs of Intelligent Life in the Universe (Globe). Lily Tomlin repeats her Tony-awarded winning solo performance of the story of a woman who inhabits her funny and strange imagination. One major segment explores the women's movement over the past decade. The Mystery of Edwin Drood (Kennedy Centre Opera House). The Broadway hit musical based on Dickens' unfinished novel features



We've been making news ever since.

Lawrence of Arabia is born this year, Marconi still at school. Robert Browning, though, has only one more year to live. The Fall of Khartoum and the death of Gordon are still vivid, but it will be another eight years before Kitchener's victory in the Sudan.

In Britain, Victoria is in her 51st year as Sovereign, and income tax is lowered a penny to 6d. Gilbert and Sullivan are in full swing. So is W. G. Grace.

Bicycling is increasingly popular too, and Dunlop invents the pneumatic tyre.

Lord Kelvin and Messrs Edison, Lister and Bell are also pioneering, but the future of the horse for road transport looks shaky. The electric tram is making inroads. More significantly, Priestman in Hull have developed the first

4-stroke oil engine, forerunner of the modern petrol engine.

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Wednesday April 27 1988

The conduct of newspapers

BRITAIN'S Press Council - the body set up by the industry to try to maintain standards in the print media - has not recently been performing very well. How far this is the fault of the council itself, whether its powers are inadequate, or whether sections of the media have simply decided that they can afford to ignore it, are open, though related, questions.

What is indisputable, however, is that matters cannot be allowed to go on like this. On the one side, there is the possibility that journalistic standards will decline further, thus bringing the press into greater disrepute. On the other, there is a growing chance that parliament will seek to take measures to compel the media to put their house in order. A continuing fall in standards would, of course, make the second possibility more likely.

Some of the failings of the press hardly need to be rehearsed. There is the intrusion into privacy which is resented by those at the top of society as well as those less elevated. There is the manufacturing and embroidering of quotations. Not least, there is the use of money to persuade individuals to supply their story to one particular paper. None of that is defensible.

But the House of Commons, one trying to suppress a particular item in *The Sun* and another calling more broadly for readers to have a statutory right of reply to newspaper articles. These pressures, which come from left and right alike, will grow if the press does not reform itself.

Stronger council

Quite the best way forward is to make a determined effort to strengthen the existing Press Council. Sir Zeeman Cowen, the present chairman, has speeded up the council's slow procedures. But he has been remote from the press and has lacked the power to influence. Some newspapers have ignored the council. Others have been printing Press Council rebukes of their stories on deliberately obscure pages. Sir Zeeman, doing a part-time job from an Oxford college, could do little about it.

The appointment of a successor is imminent. The new chairman will have to regard his activities as almost full-time. He will have to talk quickly to the proprietors as well as editors of those newspapers that frequently transgress to see if they are ready to change their ways. And he will have to seek a voluntary agreed code of conduct that includes a right of redress to the reader when newspapers overstep the mark, as well as punishment for the offenders. If such an agreement is not reached soon, the new chairman will have to point out that the case against statutory action will be made to secure papers.

Extra bureaucracy

The case against regulation by statute perhaps needs some spelling out. At bottom, statutory powers over the press would mean censorship. Even if it were censorship of the most benevolent kind, it would still mean an extra layer of bureaucracy. Some one outside the press would have to decide what should or should not be published and to exact punishment if the rules were broken. Moreover, there are grey areas. Not everyone agrees on what is beyond the realm of decency or what is, or is not, in the public interest. Statutory regulation would almost certainly lead to the suppression of some stories that ought to be published. It would also produce a running conflict between the interests of newspaper readers and the interests of newspaper proprietors, possibly with frequent resort to the courts.

Yet the pressure for regulation is mounting. There have been two recent Private Member's

Bill before the House of Commons, one trying to suppress a particular item in *The Sun* and another calling more broadly for readers to have a statutory right of reply to newspaper articles. These pressures, which come from left and right alike, will grow if the press does not reform itself.

All newspapers, however hard they try to check their facts, will make errors from time to time. The policy of the Financial Times is to correct factual errors promptly, while the letters column is open to readers who disagree with our opinions and judgments. Sometimes there are disputes about accuracy or fairness which cannot be resolved. While recourse to the law is always an option, it is in the interests of newspaper readers and the newspaper industry, including the FT, that the Press Council should be seen as effective, forceful and impartial in monitoring standards and responding to complaints.

Mexico sticks to austerity

UNOBTRUSIVELY, the Mexican Government has been confounding the sceptics at home and abroad with its economic performance. The case for the public sector deficit, the increase in non-oil exports, the accumulation of reserves and the drop in inflation against a background of tight economic management, offer overwhelming proof that President Miguel de la Madrid is not ducking his responsibilities in the last year of his six-year term. As a result Mexico is raising itself head and shoulders above Argentina and Brazil, the other two main Latin American debtors, in economic management and demonstrating what can be achieved in a relatively short space of time with coherent policies that are not side-tracked by political infighting.

There was a moment late last year when the Black Monday (and an even more spectacular crash in the Mexican stock exchange) when President de la Madrid hesitated to take unpopular decisions. The temptations were real enough: to risk being the one President to have presided over a six-month record of zero growth and exit on an unglamorous record of technocratic management, leaving a sound long-term base for his successor? In the event the lessons of his predecessor's disastrous last-minute act of populism, the bank nationalisations, seem to have been well learned. He also has had enough faith in Mexico's own particular political system, dominated by the institutionalised presence of the PRI, to set on the basis of continuity. Thus in an electoral year, instead of handing out sweeteners, he has opted for austerity and even temporary recession.

popular discontent, even forcing Mr Carlos Salinas de Gortari, the PRI presidential candidate, to adjust his campaign strategy. However, the Government has stuck to its objectives. The latest evidence of this resolve can be seen in last week's major privatisation of state interests in the copper industry. It disposed of Caldesa, a sale which incidentally showed that the administration was resisting the old temptation to benefit private sector monopolies.

Orthodox approach

The De la Madrid Government will not reap the direct rewards, unless it wishes to be irresponsible in stimulating an early recovery. Mr Salinas, who seems almost certain to win the presidential elections in July, wisely recognises this and has given every indication of being anxious to maintain an orthodox approach. He will rely on a further slimming down of the public sector, a realistic exchange rate, trade liberalisation to help with domestic prices and encouragement of the trend away from dependence on oil exports. He also has a sufficient cushion of foreign reserves to pay for increased social welfare if wage purchasing power continues to lag behind inflation.

Some elements from the Mexican experience can travel elsewhere in Latin America, most notably consistency in establishing a long-term framework for lessening state intervention and deregulation. However, Mexico possesses a more unified decision-making process; it has a Government open to little real challenge from opposition, a more obedient trade union movement, and it benefits in many intangible ways from proximity to the US.

Need for courage

This was what was needed to tackle high inflation and a public sector deficit equivalent to 18 per cent of gross domestic product. Nevertheless, it required courage. Since December, when the stabilisation programme was introduced, real wages have fallen further and credit has been tightened. In the first quarter of the year this produced visible

YESTERDAY'S attempted coup in the European chocolate market offers Nestlé a rich and enduring prize. The capture of Rowntree would promote the Swiss food group from fifth place in the Continent's chocolate confectionery rankings to top position with about a 20 per cent share of the market.

This single stroke would give it double the clout of rivals Suchard, Ferrero and Cadbury, displace Mars from its top spot with a 17 per cent stake, and make Nestlé's chocolate business into a worthy stabiliser for its thoroughbred coffee and dairy products businesses.

In broader terms the bid continues - and will probably serve to accelerate - the process of polarisation in consumer goods manufacturing which is sweeping ever larger collections of national and international brands into the portfolios of a select group of multinational companies.

It has happened in durables, where Electrolux has come to lead the world market in domestic appliances. Companies like Unilever, Procter & Gamble and Colgate Palmolive rule supreme in household and personal products. Grand Metropolitan and Guinness, Seagram and others seek dominance in drinks.

The single common target is to build companies to a size with the critical mass to match the extraordinary recent extension of markets beyond national boundaries. This has been encouraged by cultural cross-fertilisation and increasing homogeneity of tastes. It is being institutionalised by projects like the European Community plan to complete the internal market in 1992.

The common means of achieving the target is the purchase of brands, packed with brands: named products which have as far as possible a universal appeal. Price, it seems, is no object. More than half Nestlé's £2.1bn offer for Rowntree is for the goodwill in names like Quality Street, Lion and Kit Kat.

Recent experience has shown that managers believe takeover is the surest - and certainly the speediest - way into the new global marketplace. Unilever struggled and failed for years to build a personal products business in the US. Product after product and brand after brand, such as Procter & Gamble, Colgate and other rivals turned up the marketing pressure against the interloper. Just over a year ago Unilever cut its losses and transformed its fortunes by splashing out more than \$30m on Chesebrough-Pond's collection of Vaseline, Pond's and other products.

Of course, it is possible to build brands from scratch, as Lever has shown in Britain with the development of Wisk liquid detergent and Mars demerolized with its Tracker confectionery bar. But the risk is high and launch costs can be phenomenal. Recent estimates suggest that current advertising and marketing costs for a new brand in Britain are between £7m and £10m in the first year alone.

High television advertising rates in the UK have attracted much unavourable comment recently, but they are

high simply because demand is high. And demand for air time has grown because it is now impossible to persuade the powerful multiples dominating the retail trade to stock new products without guarantees that they will be promoted to the hilt.

Brands are very valuable items. It takes a long time to build a brand. It takes more and more money today to build one and you are not always assured of success," says Mr Roberto Domencioni, Nestlé's chief financial officer.

Some day, however, more people are going to notice that such official appointments are drawn from a fairly narrow base. The authorities might begin to trawl a little wider, even if they come up with a distinguished ex-civil servant in the end.

Manchester but I throw it in the bin."

He has written a book called *The Highgate Vampire* and thinks that since Robin Hood died when he was hit by the Princess of Essex, she too may have been a vampire. Barbara Green, president of the Yorkshire Robin Hood Society, is quite impressed with this theory and says that she was flattered to receive the patronage of his lordship. She had never heard of the Duke of Manchester.

The Duke is keen to ascertain whether Green's Manchester has been to Los Angeles recently, but finding him is not easy. He uses a Post Office box number and says he is a member of the London Robin Hood Society run by John Pope de Lockley who thinks he is the rightful Earl of Huntington.

The Robin Hood Society, based in Nottingham, knows of both rival organisations but cannot shed any light. President Jim Lees says: "I am always getting stuff in the post from this Lord

German at Nestlé

THE business career of Helmut Maucher, the curly West German leading Nestlé's raid on Rowntree, has been very much that of the private with a marshal's baton in his knapsack. He started work as an apprentice in Nestlé's factory at Eisenbach, near Lake Constance.

In contrast for the last seven years at Vevey, the group's head quarters on the shores of Lake Lemano, he planned the series of strategic acquisitions that have secured Nestlé its present dominant position in the food business.

His blunt style of management and his tendency on his travels to take local managers into the shops selling their products are also credited with restoring morale after the trauma Nestlé suffered in the 1970s when strong marketing of its infant foods provoked charges that it was killing babies in the third world.

An adaptable character, Maucher quickly dispelled doubts in Vevey about having a German in charge of Switzerland's highest multinational. He learnt French and serves local Swiss wives to his guests.

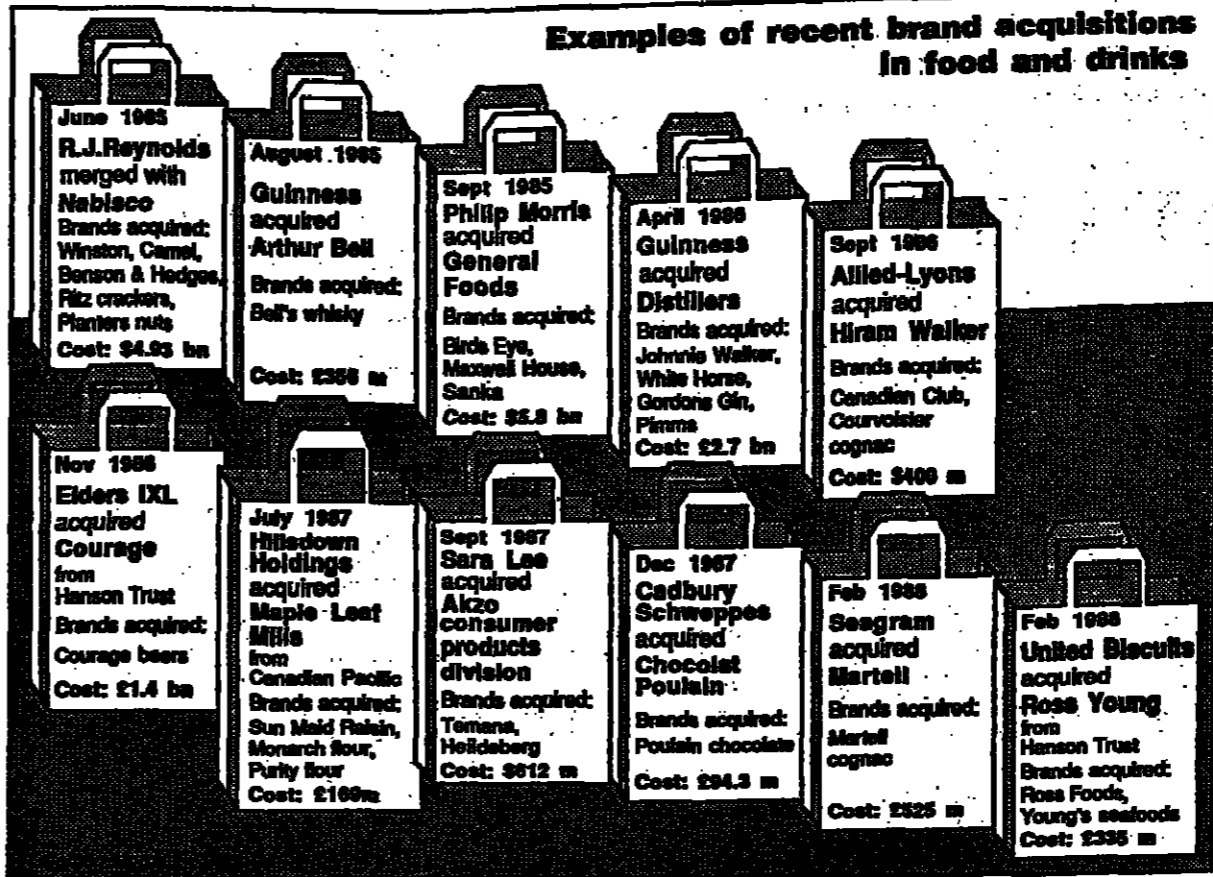
He prefers reading in his spare time, but plays the occasional game of golf because, he says, it is a sport he can practise with his wife.

In earlier days Maucher supported West Germany's liberal Free Democrat Party, but broke away when it went into a coalition with the Social Democrats in 1969. He is an irredeemable capitalist. Private enterprise and capitalism, he states, make up "a fantastic system" for developing freedom and prosperity.

Armstrong's prize

IN terms of merit, there is absolutely nothing wrong with Lord Armstrong of Ilminster, the former Cabinet Secretary, being appointed chairman of the board of trustees of the Victoria and Albert Museum. He is a cultured

Christopher Parkes and Lisa Wood analyse Europe's battle for brand-names after Nestlé's bid for Rowntree



Buying is smarter than building

Strong names, with a strong consumer franchise, afford manufacturers the muscle to demand shelf space and, because of carefully nurtured image-making, the ability to command higher margins than commodity-priced products or those sold under retailers' own labels.

Armed with a wide range of brands, manufacturers are in a stronger position to negotiate with distributors and supply them more efficiently from single sources than smaller producers shipping a handful of lines.

There are other forces driving the rationalisation of consumer products industries. In the alcohol business, for example, static consumption levels and the resultant fierce competition have prompted some to seek to sell out and leave the game to the major players.

The food business is similarly affected, although until recently few companies - with the exception of Nestlé and Unilever - have attempted to establish a global or even a pan-European strategy. Because taste in food is considered to be one of the most intran-

changeable, it is difficult to create a global brand. Nestlé's takeover attempt may well have a catalytic effect. It may prompt more bids for Rowntree - and Hershey of the US is known to be interested in a European adventure. It will also remind other manufacturers that there will be relatively few opportunities to acquire a brand group of such standing.

Once those household names are locked up inside a giant multinational like Nestlé, it will be almost impossible to prise them loose again. It will be an even more daunting task to compete against them.

Rowntree's two suitors from Switzerland

NESTLÉ'S £2.1bn bid for Rowntree was clearly designed to smother Suchard's earlier, more tentative, raid on the British company.

But Suchard, which acquired a 14.9 per cent stake in its April 18 dawn raid, has not been deterred. It has now shown the number 100 which when winning control of Cote d'Or, the Belgian chocolate maker, before its great rival Nestlé could seal a bid.

And Nestlé's £1.6bn (£1.3bn) bid last month to buy the assets of Buitoni, Italy's pasta and confectionery group, from Mr Carlo Buitoni, who was a snub to Suchard, which has made no secret of its desire to expand its confectionery business in Italy. Buitoni owns the chocolate company Ferrero.

In overall size there is no comparison between the two Swiss concerns. Nestlé is the world's biggest food manufacturer with a 1987 turnover of Sfr 25.2bn (\$25.4bn). Jacobs Suchard's total sales last year were Sfr 8.1bn.

Things are more even in chocolate and confectionery, however, where Suchard's sales reached Sfr 3.5bn last year compared with Nestlé's worldwide sales of Sfr 2.8bn. Moreover, Suchard's Mr Klaus Jacoby has been the more aggressive recently, as he has a new comer. He moved into the chocolate market only in 1982, when he merged his coffee business with Interofood, the parent of Suchard and Tobler.

In coffee, the companies are also fierce rivals. Jacobs Suchard has been trying to steal a share of Nestlé's market for decaffeinated coffee while Nestlé has been attacking Jacobs' leader-

ship in the European ground roasted coffee business. Nestlé, which launched Nescafé in 1935, is the world's leading producer of instant coffee.

Both can deploy well-filled war-chests. In 1986, Nestlé paid \$2.4bn for the US foods group. Yet it still possessed liquid assets amounting to just under Sfr 7m at the end of 1987. Suchard's cash, at Sfr 708m, is not in the same league. But its balance sheet is healthy; shareholders' equity is equivalent to 37 per cent of its total capitalisation. Yesterday its annual general meeting approved a capital increase through a 1-for-5 rights issue.

In buying up shares of the international chocolate and confectionery market both companies benefit from Swiss accounting practices, under which assets can be greatly under-

stated and hidden reserves legally accrued. This financial strength underpins Swiss success.

Suchard's approach to Rowntree is meant to reinforce its position in a European market in which Mr Jacobs argues expansion is becoming increasingly difficult. But Suchard's ambition is to match Nestlé's global range and Mr Jacobs also saw in Rowntree's Commonwealth links new opportunities, particularly in the Far East.

Nestlé's recent expansion, as he has a long established multinational, has had wider product objectives and been motivated at least partially by geography. Mr Helmut Maucher, Nestlé managing director, said early on that he wanted one-third of the group's business anchored in North America. This

significant national or even regional characteristics, companies have tended to be nationally focused.

However, starting on the fringes (such as the confectionery trade) the process of international concentration has begun as the hard edges of national preference have become blurred. Pasta, an Italian speciality is now an international product. Accordingly, BSN, the French-based food group, has purposefully built itself into the second largest pasta maker in Europe and continues to pursue a vigorous acquisition programme.

In the past two years it has bought Simeon-Besserman, a German pasta and soup maker, and stakes in five Italian pasta producers. Similar tactics have taken BSN to world prominence in the yogurt market.

Meanwhile Rowntree has been engaged in a tough battle for the last 20 years to establish its products in mainland Europe. Now there is growing evidence that the York-based group may have got its European operations right, with growing profitability from brands such as Lion bar, Polo mints, After Eight chocolates and Quality Street.

Difficulties in establishing the business with production plants located on the Continent, have been legion. To begin with there was naive optimism over challenging Continental eating habits and the group went for a broad-brush approach with the introduction of several brands. The number has since been cut down. "Concentration of marketing resources on a smaller number of brands takes courage," says Mr Gordon Neal, deputy chairman of Rowntree's European division.

The company started production on the Continent in the 1970s and quickly adopted the potentially cost effective policy of serving national markets from central factories. All Kit Kats for the Continental market are made in Hamburg, Quality Street in Dijon and Lion Bars in Paris.

However, plant efficiency was hindered because different national markets demanded product sizes geared to their own customers. Rowntree has faced a prime challenge in rebalancing this variety of packages located in the UK. It has achieved, and has helped improve efficiency and profit margins, but these are still lower than in the UK. A more pan-European approach to advertising has been adopted, leading to greater central control with local adaptation as necessary.

But the increasing internationalisation of consumer products means that Nestlé's takeover attempt may well have a catalytic effect. It may prompt more bids for Rowntree - and Hershey of the US is known to be interested in a European adventure. It will also remind other manufacturers that there will be relatively few opportunities to acquire a brand group of such standing.

Once those household names are locked up inside a giant multinational like Nestlé, it will be almost impossible to prise them loose again. It will be an even more daunting task to compete against them.

William Dullforce in Geneva

OBSERVER



man and has access to practically everyone.

Some day, however, more people are going to notice that such official appointments are drawn from a fairly narrow base. The authorities might begin to trawl a little wider, even if they come up with a distinguished ex-civil servant in the end.

Missing Manchester

THE peering of the realm is suffering from a surfeit of Manchester, which is proving disconcerting and embarrassing for the Duke of Manchester who lives at Kimbolton near Cambridge.

The Duke visited Los Angeles recently to find that a Lord Manchester had preceded him and left all his hotel bills with the consular general. The Duke had a hard time explaining.

Now he finds that the Yorkshire Robin Hood Society has someone calling himself Lord Manchester as its patron. Lord Sean Manchester, as he signs himself, believes he is descended from Lord Byron.

He has written a book called *The Highgate Vampire* and thinks that since Robin Hood died when he was hit by the Princess of Essex, she too may have been a vampire. Barbara Green, president of the Yorkshire Robin Hood Society, is quite impressed with this theory and says that she was flattered to receive the patronage of his lordship. She had never heard of the Duke of Manchester.

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Tebbit tamed

THE trouble with Norman Tebbit, former chairman of the Conservative Party, is that he is neither as fierce nor as radical as he likes to pretend. We always knew that he was a nice man at heart now, however, he seems to have run out of ideas.

On Monday evening Tebbit gave the inaugural address to the Radical Society, a rag-bag of political activists most of whom have previously belonged to at least one other party. They include Lord Chapple, the ex-communist and former leader of the EFTU electricians' union; Lord Marsh, once a protégé of Hugh Gaitskelli; Brian Walden, an ex-Labour MP turned television personality; and a few others like John Horan who have moved from the Labour Party via the Social Democrats to the Tories.

Tebbit pulled in the audience all right; the media were there in force, along with a few genuine radicals like Lord Harris of High Cross who did so much to ignite the Thatcher revolution when he

Middle of the road

A magistrate tells us of an indignant woman defendant who, when asked if she had anything to tell the court, declared: "I can't think why I could have been prosecuted for driving without due care when I travel every week from Hampstead to Bognor and never leave the middle lane."

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LONDON CITY AIRPORT
A MOWLEM ENTERPRISE

Andrew Gowers, back from the Fao front, reports on the Iran-Iraq war

The balance tilts against Iran

CONVENTIONAL wisdom used to hold that Iran could not lose the Gulf war, but might just be able to win it. This week, following Tehran's most serious string of reverses since the earliest months of the seven and a half year old conflict, that wisdom is being subtly revised.

Since the beginning of last month, Iran has suffered an unprecedented number of Iraqi missile attacks on its cities. It has had the embarrassment of losing the Fao peninsula, the strategic silver of Iraqi territory captured in 1988. In a navy's last week humiliated in a brief but fierce confrontation with US forces in the Gulf. In short, for the first time in more than six years, Iran looks - and sounds - on the defensive.

"We can see that the world has decided - by the world's largest anti-islamic powers - that a serious effort must be made to save (Iraqi President) Saddam (Husseini) and tie our hands," said Mr Ali Akbar Hashemi-Rafsanjani, the powerful parliament speaker and spokesman of Iran's Supreme Defence Council in a TV interview on April 18. "We cannot wait any longer."

The remarks, though made amid calls for redoubled mobilisation against Iraq and threats of revenge against the US for having perceptibly tilted towards Baghdad, were a far cry from the confident predictions of ultimate victory which have long been the staple fare of Iranian propaganda.

It must have been dawning on the more pragmatic of the country's leaders over the last year or so that this war, despite the endless blood and treasure it has absorbed, is militarily unwinnable. Iran's thrust in 1988, its aggressive anti-islamic powers - that a serious effort must be made to save (Iraqi President) Saddam (Husseini) and tie our hands," said Mr Ali Akbar Hashemi-Rafsanjani, the powerful parliament speaker and spokesman of Iran's Supreme Defence Council in a TV interview on April 18. "We cannot wait any longer."

The effect of recent pressure on Iran has been to strengthen extremist voices - favouring redoubled efforts to export the revolution - within the faction-ridden regime. Mr Sayed Ali Akbar Mottashahi, the Interior Minister, has been a chief beneficiary of this trend. A former Iranian ambassador to Damascus, he is known for his close links with the Shia Moslem hostage-takers associated with Lebanon's Hizbollah (Party of God) movement. The trend was also clearly visible in the outcome of elections to the Majlis (parliament) earlier this month, which apart from giving a strong mandate to the chamberlain-like Mr Rafsanjani, witnessed a number of leading radicals.

Some analysts speculate that Iran's

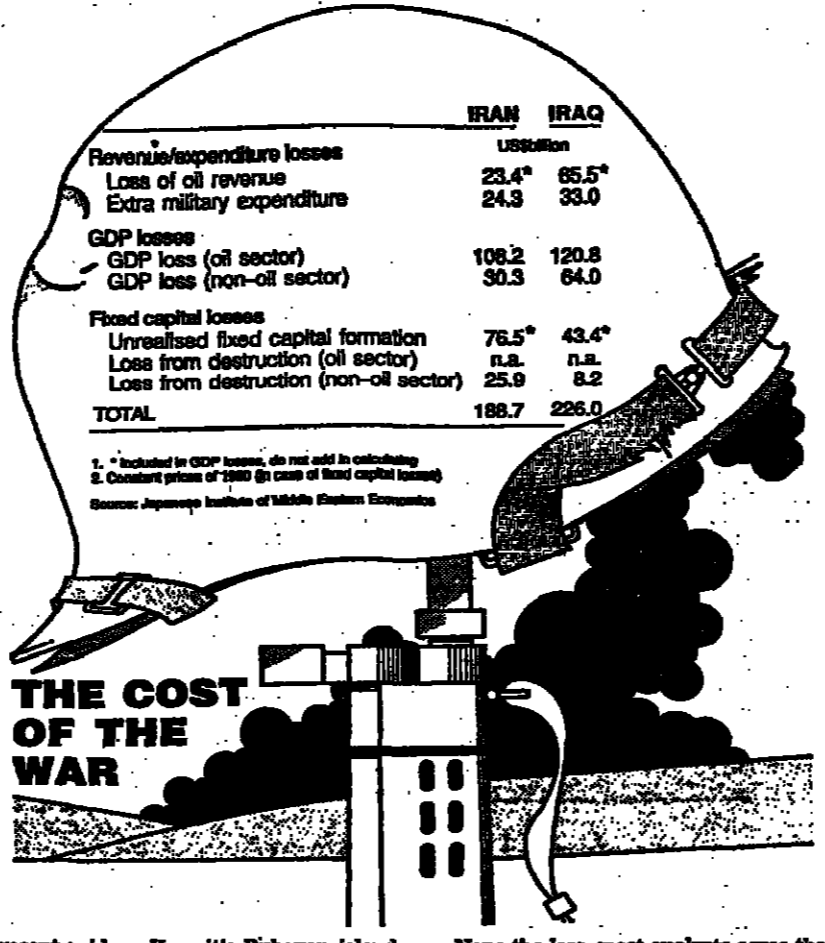
around 170 Iraqi Scud-B missiles have rained down on Tehran and other Iranian cities, killing thousands of civilians. The Iranians, with their much smaller arsenal, have managed only 25 to 40 Scud strikes on Baghdad, and although there have been Iraqi casualties as well, life in the capital preserves its carefully cultivated air of normality.

The Iraqis have also used the cities' war to seize the political initiative and the Tehran's hands on the battlefield. They have declared a truce in missile attacks (the latest, proclaimed last Wednesday, remains in effect) but have attached stringent conditions which permit a resumption of attacks if Iran so much as sheds an Iraqi border town.

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Washington is gambling that Tehran will hold back from directly confronting a fleet with far greater firepower, as it did after a previous cautious US attack on the Rostam oil platform in October. Buoyed by last week's action, the Reagan Administration is even preparing to extend naval protection to neutral ships rather than just those flying the American flag.

Some analysts speculate that Iran's



recent raid on Kuwait's Babuyan island, its evident return to mine-laying in the Gulf and the sharp exchanges of fire with the US Navy which took place on Monday last week reflect this radicalisation of domestic politics. It is also possible that an extreme Iranian faction was involved in this month's hijacking of the Kuwaiti Jumbo jet.

In striking back, however, Iran's strictly military options seem limited. A major offensive on the southern battlefield which Tehran has been threatening since last autumn has failed to materialise, either because of serious Iranian recruitment problems, as Western diplomats suggest, or for political reasons connected with keeping the United Nations effort to end the war alive and fending off an international arms embargo. Iranians are showing some signs of war-weariness, though this factor should not be over-rated. Prof Shari Bakhsai, a leading Iran scholar in the US, says the Iranians had, in any case, concluded some time ago that "huge land offensives weren't getting them anywhere."

The main focus of activity on land in recent months has been the mountainous region of north-eastern Iraq, where Iran has been supporting an increasingly successful Kurdish rebellion against Baghdad and Iranian Revolutionary Guards have captured sizeable swathes of Iraqi territory. This two-pronged action is doing Iraq a lot of damage: it is trying down large numbers of troops and exacerbating the country's most serious ethnic problem. The Iraqis have shown how worried they are by the Kurdish view, which lags with poison gas, killing thousands of inhabitants.

None the less, most analysts agree that the northern front is not of enormous strategic significance for the Gulf conflict as a whole. The terrain favours guerrilla-style warfare, but if Iranian infantry were to break out of the mountain fastnesses towards Iraq's real economic assets - the oilfields around Kirkuk and Mosul and the oil pipeline to Turkey - it would in all probability be decimated by Iraqi armour.

The only other way in which Iran might hope to maintain revolutionary momentum and cover its embarrassment, then, is to step up its activism on other fronts. That may well imply further Iranian attacks on Kuwait, the main Gulf supporter of Iraq; more attempts at subversion in Saudi Arabia, with which Iran has been at loggerheads since last year's Mecca riots; and increasing attacks on shipping and oil facilities belonging to other Gulf states such as the United Arab Emirates. There remains a danger that such activities could draw Iran and the US - with its 29 warships in and around the Gulf - into a full-scale confrontation.

The irony of all this is that both Iraq and Iran probably want an end to the war, provided both can be assured of some face-saving formula which they can present as something other than a moral defeat. Indeed, Iran has shown signs in the last year of trying to wind down the conflict to a lower level, while the pressure for escalation has come from Baghdad, which wants to avoid being the object of an extended war of attrition for months, perhaps for years to come. Iran's problem is going to consist of finding a much-needed exit route from what it calls "the imposed war".

UK privatisation policy

Down in the forest, it's time something stirred

By Donald MacKay

AS THE privatisation programme proceeds, one name is always absent from the list of candidates - the Forestry Commission. As with everything else relating to the British Government's forestry policy, the reasons for this are obscure. The Commission long since met its historical raison d'être, which was to establish a strategic reserve of home-grown timber. Yet, despite a succession of reports which have demonstrated that the Commission's activities do not meet normal commercial standards, it soldiers on in a protective cocoon unknown to other public sector agencies.

This situation is increasingly anomalous. As the Government strains every sinew to privatise activities with strong "natural monopoly" elements (for example, electricity supply), one cannot help wondering why the Commission, as the largest owner of commercial woodlands, should be exempt.

The Commission owns about half of the UK's commercial forests but, for many years, its continued activity has been dependent on two dispensations. First, the Commission is "required" to meet a target rate of return of 3 per cent on its assets, against the much tougher target of 5 per cent set for other public sector investment. Second, even the 3 per cent "target" is a fiction, as the accounting practice has been to value the asset base at the beginning of each quinquennium. Every economist has heard about treating "bygones as bygones" but given the long gestation period of a forest, this treatment effectively writes off sunk costs every five years. Most important of all, the Commission has lived in a highly "political" environment, within which new planting has been pushed further "north" and "up the hill". It is evident that the bulk of new planting is not achieving a 3 per cent return.

Such a low rate of return has been "justified" by arguments which appear increasingly dated. Briefly, these relate to import saving, downstream processing, employment creation in rural areas and recreational and environmental benefits. The import saving argument implies that it is in some sense desirable to be less dependent on

imported timber. Yet, there is no compelling argument for encouraging import saving in its own right, unless it can be demonstrated that the resources applied to that activity have little alternative use. Without extensive public subsidy, UK forestry is not able to compete with the prices of timber supplied by overseas producers.

A strand in this argument is that the UK has less land under forestry than most of its European neighbours. The same applies to grapes. Adam Smith remarked: "By means of glasses, hotbeds, and hotwalks, very good grapes can be raised in Scotland, and very good wine too can be made of them at about 30 times the expense for which at least equally good can be brought from foreign countries." As Scotland is the home for most of the Commission's new planting, he would doubtless remark that the same, old mercantilist prejudices are still alive and kicking.

In recent years the forestry lobby has widened the import saving/job creation argument to embrace downstream processing, pointing to the downstream benefits from an enhanced domestic timber supply. The only difficulty with this, as the recent National Audit Office report indicated, is that most of the major new developments have required heavy subsidy from the British taxpayer, even although that taxpayer had already subsidised the production of the domestic timber supply.

The recreational and employment arguments, at least when applied to new planting, are hardly more convincing. Most of the Commission's planting is in Scotland, where the major unemployment blackspots are in the cities. Moreover, forestry is not particularly good at creating employment, as its labour force has been falling, while rural employment has been increasing across much of Scotland. Even where it "creates" jobs, the cost of job creation is far higher than in other activities and much of the job creation from new planting has little impact on present employment, as the bulk of the labour input is not required until the forest matures.

As new planting is largely in

areas remote from the main centres of population, its recreational value is limited and much of that planting (for example, in the Flow Country) is directly opposed by a wide range of environmental groups.

Forestry policy has been made "out of sight" and "out of mind". As it is the responsibility of various Ministers, it seems largely outside Treasury control: hence the need for change. In brief, where new planting does occur, we need to ensure that it obtains better financial returns. The opportunity is there, with the emerging surplus of agricultural land. If we continue as before, we will get more planting in sub-marginal areas.

There is a case for continuing the Commission as a Forest Agency, responsible for basic research and development, the setting of standards and for the administration of planting grants, if it is considered these are still needed. However, there is no case for continuing the Commission as a Forest Enterprise - a public agency which manages commercial woodlands. There are no evident economies of scale in this industry and no vital national interest would be threatened by privatisation. Because the costs of creating the existing estate are sunk costs, the mechanics of privatisation present no difficulty.

Privatisation would provide an immediate return for the taxpayer and, more importantly, would create an environment in which new planting was directed towards land where better commercial returns can be obtained. This would apply even under the new system of planting grants. While the rationale for these new grants is not entirely clear, it is still true that a privatised concern could have a strong incentive to maximise returns. The case for privatisation has always been made on the grounds that a commercial environment is conducive to efficiency. Adam Smith would approve. He would not approve of the Forestry Commission.

Professor MacKay is chairman of PricewaterhouseCoopers, Edinburgh and Reading, based planning and economic consultants.

Chartered managers

From Mr Peter Benton. Sir, Your editorial on April 25, "The Education of Managers," missed some important points in the thinking behind the chartered manager movement. Looking forward, a wide variety of employers see a new need for managers with broad skills and broader understanding of the commercial and social environment. Fierce competition and turbulent markets - more so after 1992 - are leading most companies to devolve decision-making closer to the customer. Managers formed in the traditional narrow functional skills need wider personal development if they are to cope successfully in this new environment.

Hence the chartered manager. The British Institute of Management (BIM) has become an employer support for MBA programmes. The chartered manager movement aims to complement these individual initiatives with a national system of personal development available to managers in every sort of organisation, large and small, public and private. Portability of modules and credits among educational institutions will bring many thousands more managers within reach of the new skills and insights needed for success in the 1990s. As John Constable has demonstrated, several hundred thousand narrowly formed managers are at work in Britain today; they need these new opportunities urgently. Peter Benton, British Institute of Management, Management House, Cottingham Road, Corby, Northamptonshire

Some City ratepayers give a hoot or two

From Mr Martin Severn. Sir, Mr Douglas Woodward, chairman of the City of London ratepayers' association, asserts that "large financial institutions do not give two hoots about rates" and that "they can absorb changes quite easily" (April 11).

His opinions will not be shared by many City financial directors, aware of the size of the rates bill in their overheads each year, and the difficulties in covering any changes. When the financial sector is having to look over more closely at the level and control of costs, the prospect of a 50-60 per cent rate rise over the next five years should not be dismissed so lightly.

Martin Severn, Postpankci (UK), 10-12 Little Trinity Lane, EC4

Letters to the Editor

Dauntingly difficult to get right

From Mr John Lyons. Sir, I was surprised to read your report on the views of the Association of Electricity Companies (AEC) about the US regulatory system for electrical utilities. We also have studied the American regulatory system, and we agree with Mr Spicer, not with the AEC, about the merits of the American approach. We visited a representative group of US private utilities and the relevant utility commissions in the autumn of 1984, and subsequently published the most comprehensive account of it in the UK up to that time. The utilities were unanimous in the view that the regulatory system in the US inhibited investment in large capital projects. That is why no new nuclear stations and no large coal or oil fired stations have been ordered for the last decade or so.

The utilities still regard large generating units as being the most economic, but were not prepared to take the financial risks arising from the operation of their regulatory system. A basic weakness in the system is that it has become unclear about who is responsible for ensuring that there is enough electricity - the utilities or the commissioners. Nowhere did we find that critical ambiguity satisfactorily resolved. We also found that "shadow management" had become an increasing problem. That is to say, the utility commis-

sions were, increasingly, second-guessing the management of the utilities after they had had to take critical decisions. It is true that what I have said is only a generalisation; there are great varieties in practice in different parts of the US. It is also true that there are some excellent features of the US system. That is not the point. Detailed regulation of the huge electricity supply industry in the UK (there is no equivalent in the US) would be a monstrosity. It would mean that there would be a massive bureaucratic machine effectively taking key management decisions without any responsibility for management itself, or any competence in that field. While no doubt Parliament would change the rules from time to time, for all practical purposes the regulatory machine would not be answerable to anyone.

I agree that regulating a private electricity industry in the country is a dauntingly difficult thing to get right - if it can be got right at all. That is the dilemma which the Government has brought upon itself by deciding to privatise the industry first, before determining whether an adequate regulatory regime could be devised. John Lyons, Engineers and Managers Association, Station House, Fox Lane North, Chertsey, Surrey

A city regains an earlier prosperity

From Mrs Gladys Turner. Sir, Most ratepayers would agree with Councillor Reg Hales (April 20) when he says that domestic rates are 70 per cent higher since Labour took over control of Birmingham in 1984. However, he omits to mention the effect which rate-capping and loss of regional aid have had on the finances of the city. Because the rates were increased by 30p in 1985, I wrote to the leader of the council to express my concern. In his reply I learnt that 7p accounted for the cut in the rate support grant; the use of reserves by the previous Conservative administration was 18p; and the deficit left by this same administration was 5p. Is a 70 per cent increase in rates so astronomical today? Since 1979 my gas bill has increased by 100 per cent and water rates by 150 per cent.

Whether an alternative administration in Birmingham would be as successful as the present one is doubtful. The National Exhibition Centre and Birmingham Midlands airport attract visitors from all over the world, the leisure and learning facilities are first class, and the new Convention Centre at present under construction could well encourage visitors away from the overcrowded southern areas of the country. From being a severely depressed area in the early 1980s, Birmingham today gives the impression of regaining an earlier prosperity - due, in my opinion, to the present administration. Gladys Turner, 27005, 36 Hill Village Road, Four Oaks, Sutton Coldfield, West Midlands

Barrow boys in principle

From Mr T.A. Kent. Sir, In his review of Fashion, Martin Hoyle delivers a cliché about "barrow boys" - by which, he suggests, we are governed (April 8).

What is so wrong with "barrow boys"? Behind this office is Leather Lane, where market traders sell from barrows or stalls a multiplicity of goods at realistic prices. To judge from the crowds, these "barrow boys" are exceedingly popular. I suspect that Mr Hoyle does not know what a "spiv" was; he is possibly too young to remember that the character emerged in the immediate post-war period - a by-product of socialist bureaucracy and penal taxation.

T.A. Kent, 78 Eaton Garden, EC1

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Chirac tackles Le Pen dilemma with tough battle plan

BY IAN DAVIDSON IN PARIS

A HIGH-PRESSURE campaign programme to mobilise the maximum number of votes behind Mr Jacques Chirac, France's Prime Minister, in the second round of the presidential election was announced yesterday by his party organisers. They are putting on a brave front, despite their leader's unexpectedly low score in the first round on Sunday.

President François Mitterrand, by contrast, is adopting a much more relaxed attitude in public, even affecting an amused distaste for the campaign process, although he has flown off to campaign in Martinique and Guadeloupe in the West Indies.

But the comments from both camps underline Mr Chirac's uncomfortable dilemma, which is how to woo the 14 per cent of the electorate who voted for Mr Jean-Marie Le Pen, leader of the extremist right-wing National Front, without alienating the 16 per cent who voted for Mr Raymond Barre, the centre-right candidate.

Former President Valéry Giscard d'Estaing will today declare his attitude to the second round, no doubt by coming out in support of Mr Chirac.

During the next 10 days Mr Chirac will speak at seven major public meetings. At the first of these, on Friday, he and Mr Barre, who came third in Sunday's vote, will both speak on the same platform, as an earnest example of Mr Barre's undertaking to swing his centre-right supporters behind Mr Chirac on May 8.

But several leading centre-right political figures, who supported Mr Barre in the first round, made no secret yesterday of their ambivalent feelings towards the Chirac campaign and their anxiety that he would overstep the mark in an attempt to attract Mr Le Pen's voters.

President Mitterrand added his voice to those bidding Mr Chirac not to chase after the Le Pen vote. In Guadeloupe he warned against any association between Mr Chirac and the National Front.

"I hope that no responsible candidate will allow himself to... treat with and envisage... a government with a political movement which shows such complacency on the issue of racism," he said.

He predicted that the final result would be closer than the opinion polls have been predicting (63-35 per cent), but he did not conceal his confidence in final victory. "If I get 51 per cent, I should not be annoyed," he said.

Meanwhile, Mr Chirac seems in two minds about how to handle

his quandary between the centrists and the extreme right. Speaking on television on Monday night, he said that he would not change his time during the second-round campaign, and that there was no question of conducting negotiations with anyone.

At the same time, he claimed that the 14 per cent who voted for Mr Le Pen were outraged at the way the French gendarmes were treated, shocked by things which for several years have damaged the reputation of our country.

"That I understand and I share the feeling," he said. "Of course, I have heard these voters, like the others."

New Zealand sells its hidden assets

WHEN MINISTERS IN New Zealand's Labour Government justify their ambitious programme to cut back state involvement in the business economy, they do so with ironic humour as well as fervent zeal.

According to Mr Roger Douglas, the Finance Minister, the state's coal mines lost money for 20 years, yet stockpiled enough coal to carpet a highway 8,000km long.

The Electricity Department, he says, built a major power station on top of one of the Mines Department's best coal seams. The Post Office had 2,000 spare desks and chairs.

The list goes on. The Post Office Savings Bank increased net expenditure by 75 per cent over 10 years, but saw its market share halved. The Railways made a loss of NZ\$20m (US\$13.5m) despite a NZ\$40m subsidy.

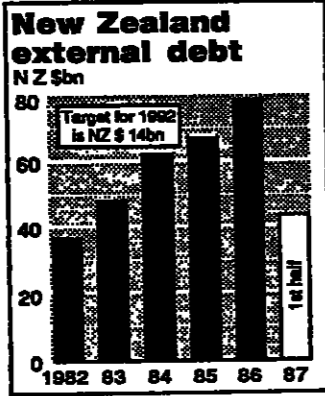
As for the organisation which manages government property, it was paying rates on property it could not identify, and earning nil return on prime sites in Wellington and Auckland.

For Mr Douglas's colleague, Mr Richard Prebble, the Minister of State-Owned Enterprises, his most surprising discovery was that the Civil Aviation Department had an air force - ten aircraft and a helicopter.

Both men say they were "genuinely appalled" by what they found when they reviewed the Government's trading organisations after Labour came to power in 1984. The only solution was radical reform.

The process, however, has taken them far beyond last April's initial "corporatisation" of nine departments.

In particular, a massive NZ\$43bn external debt burden has forced the Government into making a difficult choice: to increase taxation, slash spending on health, education and welfare, or sell assets.



Two of the country's Labour ministers, in charge of pulling the state out of loss-making enterprises, made some surprising discoveries when they began their corporatisation programme, report Tim Dickson and Chris Sherwell

the closure of hundreds of post offices. And it must write off NZ\$1bn dollars in rural loans to put the Rural Bank on a sound basis.

This has not stopped it embarking on a second round of corporatisation. On April 1, the Ministry of Works and Development and the government computing service became corporations - with little public debate.

Simultaneously, the Government has also passed controversial legislation to reform employment practices in the civil service. That means chief executives at the top and stricter management and accountability.

None of this has happened without tears. Labour's vocal left-wing is complaining. So is the national party opposition.

At issue is whether the Government has a mandate to go beyond the "corporatisation" of its first term, which privatisation is consistent with the avowed aim of market efficiency, and whether the sales to date have been handled in a professional and responsible manner.

Professor Robert Chapman, the former head of Political Studies at Auckland University, doubts the value of a policy of exchanging public debt for private (and perhaps still foreign) debt - a point underscored by Fletcher Challenge's Petrocorp purchase.

He also doubts claims for greater efficiency in the private sector. "What is the purpose of privatising a business like Telecom, which is a natural monopoly?" he asks.

He feels the Government could have won its argument with its corporatisation programme.

This sort of concern has not previously troubled Prime Minister David Lange or ministers like Mr Douglas and Mr Prebble. But tough criticism has also come from the other side of the fence.

Thatcher in retreat over social programme

By Peter Riddell in London

BRITAIN'S Conservative Government appears to be in full retreat last night in face of strong protests by members of its own party over social security reforms introduced this month.

Consequently, a package of measures costing more than £10m (£10m) to alleviate cases of hardship and anomalies is expected to be announced this afternoon in the House of Commons.

Mrs Margaret Thatcher, the Prime Minister, was said by ministerial colleagues to be in a mood to agree to concessions only a fortnight after a series of well-publicised Commons rebuffs by Tory MPs. The expected announcement will be seen as a further government climbdown and victory for the Labour opposition.

Ministers said Mrs Thatcher had complained vigorously at a meeting that she had not been informed of the problems that have led to a flood of letters to M.P.s. This has created particular concern among pensioners with savings and capital assets of more than £5,000 lose all entitlement to housing benefit.

Mrs Thatcher has been persuaded of the need for concessions in the past two days, and she has chaired two meetings following intensive discussions involving the Treasury and the Department of Health and Social Security.

The Government's change of policy was initially signalled yesterday by Mrs Thatcher during Prime Minister's question time in the House of Commons. She brushed aside a series of questions from Mr Neil Kinnock, the Labour leader, urging changes, but then apparently gave in, saying she was "fortified" by what had been said. The Government, he argued, would try to look at "where the shoe pinches".

The signs last night were that this afternoon's announcement would be aimed at particular anomalies from the social security changes affecting old people and the disabled. In addition, there may be some alteration to the proposal that pensioners lose some of their housing benefit if their savings rise above £2,000.

Conservative MPs also expect that the Government will be forced to make some adjustment to the £5,000 ceiling where all benefit is lost, possibly to £2,000. This might be seen as a compromise compared with the £10,000 level demanded by many MPs. An increase to the latter figure would cost £70m.

However, any increase in the ceiling would run directly counter to recent remarks by Mrs Thatcher in the Commons, most explicitly on March 31 when she said "it was matter of policy that housing benefit should be cut off where people have £5,000 in capital."

However, many Conservative MPs feel this penalises thrift and appears to be unfair.

Government involvement in business - it owns half the forests, four banks, most coal mines, nearly all electricity generation plants, three transport companies and vast land holdings - "was either the result of a practical need at the time, which has now gone, or it was an accident," Mr Prebble says.

The Government began with the state-owned Bank of New Zealand more than a year ago. The bank was forced to raise needed additional capital by issuing non-voting shares to the public, diluting the Government's overall stake to 57 per cent.

Next came a decision to sell off New Zealand Steel. Just before last October's share market crash, the Government agreed terms with Mr Allan Hawkins' Equiticorp group which valued NZ Steel at NZ\$500m.

In last June's budget, the Government committed itself to selling shares in Air New Zealand, Petrocorp and the Development Finance Corporation.

The Government has since presided over the controversial collapse of the NZ\$180m sale of Petrocorp to British Gas, followed in quick succession by its sale to New Zealand's biggest

company, the forestry group Fletcher Challenge.

As for the Development Finance Corporation, the sale of shares is still being studied. Mr Prebble says the Government wants to sell it all and would welcome an overseas buyer.

In a major economic statement, it set itself a target of reducing the external debt by no less than NZ\$14bn by 1992, chiefly through asset sales. That entailed far more than the committed privatisations. It meant the sale of some of the newly corporatised entities - something not originally envisaged.

Much work remains to be done before this becomes possible. As even the ebullient Mr Prebble acknowledges, the experience of corporatisation remains mixed.

The biggest advances, he says, have been made at the Forestry Corporation, which announced a NZ\$24m profit in its first six months, the first in 70 years. New Zealand Post has shown a turnaround too, and the Coal Corporation is also expected to make a profit this year.

Results from the Telecom Corporation have been slower to emerge. The Government has also suffered heavy criticism over

Rowntree rejects £2bn Nestlé bid

Continued from Page 1

approved a share capital increase yesterday. A one-for-five rights issue will raise SF\$500m. Mr Guenther Bolla, the finance director, said company needed to raise its liquid reserves and reinforce its equity base "with a view to pursuing its policy of expansion and acquisition."

The group's UK advisers, S. G. Warburg, refused to comment on whether Suchard had picked up more Rowntree shares yesterday.

In London, Mr Helmut Maucher, Nestlé's managing director, said there were three reasons behind the Rowntree offer: the desire to develop the chocolate side of the business, the fit between Nestlé's block chocolate/bonbon emphasis and Rowntree's strength in sweet bars/assortments, and the Suchard raid. That he claimed, had effectively put Rowntree up for sale.

The Nestlé offer is at 80p a share with a loan note alternative, and values the ordinary share capital at £1.5bn. The value of the offer on the fully diluted share capital is £2.1bn. Shareholders also retain the final proposed dividend of 10.5p for 1987.

Nestlé had already built up a 4.6 per cent stake in the British company in the wake of Suchard's market raid, and yesterday its UK advisers, County NatWest, attempted to raise the stake.

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Britain joins anti-tank weapon project

BRITAIN has dropped its reservations about a joint project with France and West Germany to develop a new anti-tank guided weapon system for the mid-1990s, our defence correspondent writes. It is estimated that potential orders could run into billions of pounds.

Mr George Younger, the UK Defence Secretary, announced yesterday that the UK had joined the Trigat development programme.

The three countries will be equal partners and the prime contractor will be a Paris-based consortium, called Euromissile Dynamics Group, bringing together British Aerospace, Aerospatiale of France and Germany's Messerschmitt-Bölkow-Blomborn. It is hoped other Nato European countries will also participate.

Britain, the last of the three partners to join, had sought satisfaction that it would obtain value for money, the UK Ministry of Defence said.

In accordance with its new procurement policy, it had insisted on clear responsibility being placed with a prime contractor, with performance incentives.

The ministry said it had now obtained "very tight" contractual terms.

The programme includes a medium-range system, either portable or vehicle-mounted, and a long-range system



In Seoul yesterday riot police rush to arrest students protesting at alleged vote rigging, Page 5

Rowntree rejects £2bn Nestlé bid

Continued from Page 1

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WORLD WEATHER

Location	Temp	Wind	Cloud	Temp	Wind	Cloud
London	12	10	10	12	10	10
Paris	11	10	10	11	10	10
Frankfurt	10	10	10	10	10	10
Amsterdam	10	10	10	10	10	10
Brussels	10	10	10	10	10	10
Geneva	10	10	10	10	10	10
Zurich	10	10	10	10	10	10
Berlin	10	10	10	10	10	10
Munich	10	10	10	10	10	10
Stockholm	10	10	10	10	10	10
Helsinki	10	10	10	10	10	10
Oslo	10	10	10	10	10	10
Copenhagen	10	10	10	10	10	10
Warsaw	10	10	10	10	10	10
Prague	10	10	10	10	10	10
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Moscow reforms fail to boost supplies

Continued from Page 1

Pravda, the Communist Party newspaper, is focusing above all on the problem of inadequate food supplies. "In a number of regions and districts, the guarantee of such products as meat, vegetables and fruit is not improving, which causes further justified reproaches from the population," it said.

"Incomplete satisfaction of demand for many consumer goods and services creates difficulties in the normalisation of money circulation, leading to an imbalance between

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OVERSEAS MOVING
BY MICHAEL GERSON
01-446 1300

SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Wednesday April 27 1988

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US OIL COMPANY SPURRED BY STRONG DOWNSTREAM AND PETROCHEMICAL RESULTS

Texaco doubles first-quarter profits

BY RODERICK ORAM IN NEW YORK

TEXACO, the US oil company which emerged last month from a year under the protection of US bankruptcy courts, has doubled its first-quarter net profits because of the US oil industry trend of strong downstream and petrochemical results.

Net profits for the three months ended March 31 were \$242m or \$1 a share, against \$118m or 49 cents a share earlier. Revenues rose marginally to \$3.7m from \$3.5m.

The latest net profits included a \$66m gain from the sale of half of Texaco's interest in an Angolan offshore venture and a net

currency translation gain of \$29m, against a loss of \$7m a year earlier. Total operating profits in the period were \$491m against \$218m a year earlier.

Operating earnings from oil and natural gas rose to \$282m from \$204m, mainly reflecting an improvement in the US where higher gas prices offset lower oil prices and increased exploration expenses.

Earnings from manufacturing, marketing and supplying rose to \$153m from \$9m because of a big turnaround in the US to a \$62m profit from a \$55m loss as falling crude prices lifted earnings.

Petrochemicals earned \$47m against \$8m. Most of the improvement coming in the US with a swing to profit of \$32m from a loss of \$2m. Improved margins on olefins in the US and the updating of a Texas plant contributed to the upturn.

Worldwide capital and exploratory expenses, including equity participation in expenditures of non-subsidiary companies, grew to \$591m from \$381m a year earlier.

The company, which emerged from bankruptcy by making a \$2bn payment to Pennzoil to settle their long-running legal bat-

tle, is in the process of a major restructuring involving the sale of some \$5bn of its assets. It recently resumed paying a 75 cents quarterly dividend which it had suspended a year ago.

Amoco, the Chicago-based oil company, also reported sharply better profits. First-quarter earnings rose 80 per cent to \$469m or \$1.82 a share on a 10 per cent increase in revenues to \$5.76bn.

Occidental Petroleum first-quarter operating net profits jumped from \$73m or 36 cents a share to \$111m or 51 cents fully diluted, on sales up from \$4.25bn to \$4.69bn.

High costs fail to hold back gain at Reebok

By Our Financial Staff

REEBOK International, front-runner in the US sports-ware market, pushed first-quarter net profits 23.7 per cent higher to \$47.78m from \$38.64m or 42 cents a share from 36 cents, despite what it described as a substantial increase in its production and marketing costs.

Mr Peter Fireman, the chairman, said yesterday that in addition to spending more on advertising than in recent years, Reebok's profitability was held back by "the weakness in the US dollar and increased raw material and labour costs by most of our overseas suppliers."

The company, 32 per cent owned by Peat Marwick Mainwaring & Co, sources most of its footwear in South Korea where output was hit last summer by the country's wave of strikes.

Since then it has been attempting to widen its range of shoe suppliers as well as to diversify through acquisitions particularly in clothing. Of Reebok's \$1.1 per cent jump in sales to \$453.95m, just on half - \$200m - came from Japan business which it bought since the 1987 first quarter.

It paid \$180m for Avia, an Oregon maker of casual footwear, and also bought Reebok Canada into the group. However, an agreement last August to buy upwards of \$60m for Elisse, an Italian casual-wear producer, was unwound three months later to leave Reebok with just Elisse's North American business, for which it paid \$35m.

Mr Fireman said that these expansion moves made Reebok "far less vulnerable to currency swings and temporary changes in consumer tastes."

Pickens' Mesa Partnership slightly higher

By Our New York Staff

MESA LIMITED Partnership, the main corporate vehicle of Mr T. Boone Pickens, the once dined Texaco corporate raider, has reported a modest increase in its first quarter results.

The Amarillo, Texas-based company reported net profits of \$19.5m or 17 cents a share, compared with \$17.2m or 16 cents a year earlier. Revenues slipped to \$88.2m from \$89.2m.

The fall in Mesa's production of natural gas, gas liquids and oil during the quarter was partially offset by higher gas prices.

Tandem edges ahead to \$23m

BY LOUISE KEHOE IN SAN FRANCISCO

TANDEM COMPUTERS, the US manufacturer of "multi-tiered" computer systems, reported first-quarter earnings of \$23.2m or 24 cents a share, compared with \$22.5m or 23 cents a year earlier.

As already reported, US sales were below target income in the third quarter to end-March, but further reduced by an extraordinary charge of \$2.4m or 6 cents a share in connection with the settlement of a 1984 shareholders' class action suit.

Sales rose 26 per cent to \$309.4m, from \$245.5m.

Mr James Trybick, president and chief executive, said international sales were strong during the quarter, but that US sales did not meet company goals. As a major supplier of computer

communications software, and Ungermann-Bass, a computer networking company, both of which Tandem acquired during the quarter. These companies contributed \$13.5m to revenues but had no impact on net earnings, Tandem said.

Half-year revenue increased 22 per cent to \$591.7m, from \$485.5m in the corresponding period of fiscal 1987. Net income fell slightly to \$47m or 47 cents a share from \$49.5m or 51 cents.

Mr James Trybick, president and chief executive, said international sales were strong during the quarter, but that US sales did not meet company goals. As a major supplier of computer

systems to financial institutions and brokerage houses, Tandem has been particularly hard hit by the after-effects of the October stock market crash.

"Despite the slowdown in US business, our new account generation, and the quality of those accounts, continues to be high," Mr Trybick said.

Major new customers during the quarter, included AT&T Gedusaabentomat Service (GABE), an Austrian consortium owned by five banks, and the London Stock Exchange in London which will implement an automated trading confirmation system on Tandem computers.

Baxter Travenol jumps to \$91m

BY OUR NEW YORK STAFF

BAXTER TRAVENOL Laboratories, the US diversified health-care products and services group, has reported that profits for the third quarter rose 11 per cent but expressed optimism for further gains later in the year.

Net profits for the first quarter of 1988 were \$91m or 31 cents a share, up 38 per cent from \$66m or 23 cents a year earlier. The first quarter is traditionally the company's weakest, however.

Mr Vernon Loucks, chairman, said the latest report "points to another excellent year."

The company said sales rose 12 per cent to \$1.64bn from \$1.48bn,

reflecting continuing improvement of the US hospital market. Hospital products and services accounted for \$89m of first-quarter sales, up 11 per cent from a year earlier.

Operating income rose 21 per cent to \$131m, equal to 11.1 per cent of sales against 10.2 per cent. Research and development expenses increased 26 per cent. Marketing and administration costs grew only 5 per cent.

Barer, a medium-sized drugs company which Wall Street believes may yet be the object of a takeover offer following its failure to win control of A.H. Robins,

has reported a further rise in profits.

Net earnings for the first quarter were \$8.4m, or 27 cents a share, up 17 per cent from \$7.4m, or 23 cents a year earlier. Its earnings were sharply lower, however, than those in the third and fourth quarter of last year.

Sales rose 9 per cent to \$219.2m from \$201.2m, boosted by strong international sales and demand for its hemophilic drug Monoclate. Operating income increased 8.5 per cent to \$28.1m despite increases of 20 per cent and 18 per cent, respectively, in product promotion and research.

Goodyear profits advance 14%

BY OUR NEW YORK STAFF

GOODYEAR, the world's leading maker of tyres, has reported a 14 per cent increase in net income from its main businesses in the first quarter of this year, despite tougher competition in the North American tyre market.

The Akron, Ohio, group, which last year disposed of most of its non-tyre operations in order to concentrate on its core rubber and chemicals business, said that earnings were \$86.3m or \$1.67 a share in the most recent quarter.

In the first quarter of 1987, Goodyear earned \$94.2m or \$1.89 but that included \$300.8m in profits from aerospace, oil and gas, and other assets sold in the course of the year.

Revenues rose 15.3 per cent to \$2.62bn, with an 18.1 per cent increase overseas.

Mr Robert Mercer, chairman, said the improvement was "achieved in the face of higher materials costs and competitive pressures in the North American tyre market." In the past year, the US market has been transformed by an international scramble for business share with big acquisitions by Bridgestone of Japan, Continental of West Germany and Pirelli of Italy.

But Goodyear's big gains came overseas, where operating income jumped 29.1 per cent to \$141.9m on an 18.1 per cent sales increase to \$1.1bn. Mr Mercer

said that the earnings improvement came through higher volume and prices and better factory efficiencies.

Firestone Tire and Rubber, which is to lose its status as a tyre supplier to General Motors, said it would continue to be a major original equipment supplier to the auto industry but would concentrate efforts more on the replacement market, Reber reports.

"Certain resources will be redirected toward more intensive servicing of the North American replacement market," Firestone said in a letter to its dealers and store organisations in the US.

Tax cuts buoy Quaker Oats to \$75m

BY OUR FINANCIAL STAFF

QUAKER OATS, the US grocery products and toys group, yesterday reported third-quarter net income of \$76m or 94 cents a share, up from \$51.5m or 65 cents in the year-ago period, reflecting higher operating income in all its main business lines.

Net income also benefited from a lower tax rate at 33.5 per cent for the quarter, 10 percentage points lower than the year-ago period, the company said.

Higher volume sales over a broad range boosted operating income for US and Canadian grocery products to \$98.3m from \$94.2m. This more than offset a 22 per cent increase in advertising.

Unit volume for North American groceries was up 12 per cent for the quarter with hot cereals sales at record levels, said Mr William Smithburg, chairman.

Sales of Gaines dog foods rose, led by the Cycle brand, and a

new size and flavour helped sales of Gatorade thirst quencher.

Operating income from international grocery products rose 18 per cent to \$37.3m quarter to quarter, while sales climbed 24 per cent to \$21.5m and unit volume 9 per cent. Improved product mix and stronger European currencies aided results.

Fisher-Price toys posted a 46 per cent gain in operating income to \$24.9m on sales of \$106.5m.

Bethlehem Steel posts sharp rise in earnings

By Our Financial Staff

BETHLEHEM STEEL, the third largest US steel producer, boosted first-quarter net earnings to \$55.4m or \$1.23 a share from \$25.6m or 58 cents, confirming what has been a buoyant start to the year for US smelting industries.

Bethlehem said it expected its 1988 steel shipments to rise from last year's 9.4m tonnes because of the expected strength of the capital goods, construction, and semi-finished markets.

However, it said at its annual meeting that US industry shipments in 1988 would decline slightly from last year's 77m tonnes. It expects second-half US industry shipments to decline modestly from first-half levels.

Bethlehem expects steel shipments to continue at current high levels and steel prices to improve moderately for the second quarter.

Mr Walter Williams, chairman, told shareholders: "We anticipate both operating and net income for the second quarter." In last year's second quarter Bethlehem earned \$46.8m, or 79 cents a share.

He added that 1988 capital expenditures would rise to about \$350m from \$150m last year. Capital spending this year includes modernisation of the hot strip mill at the Sparrows Point, Maryland plant.

Revenues in the latest quarter rose to \$1.35bn from \$1.19bn. Earnings in the 1988 period include a \$10m gain from tax benefits and a \$15m charge from damages from a Pennsylvania coal-mine fire and a \$4m charge from employment cost liability adjustment.

The 1987 quarter includes a \$32.5m gain from tax benefits and a \$17m charge for design change costs at the Baltimore marine division.

UK life assurance groups forced to abandon cartel

BY CLIVE WOLMAN IN LONDON

THE UK life assurance industry was yesterday forced to abandon its decades-old cartel which fixed the commissions payable to insurance brokers and independent outlets such as banks and building societies. As a result, they will have to tell their customers how much they are being paid for recommending a policy.

The decision, which will take effect after December 31 1989, was announced yesterday evening by the Life Assurance and Unit Trust Regulatory Organisation (Lautro) in response to the mounting opposition to its proposed rulebook under the new investor protection regime, in particular from the Trade and Industry Secretary Lord Young, the European Commission and the UK Office of Fair Trading.

The decision is expected to lead to an upheaval both in the selling

of life insurance, which attracts premiums of nearly £20bn (\$37.4bn) a year, and across the entire retail financial services industry. This is because of the vast number of financial products, from endowment mortgages to personal pensions and school fees plans, which have been linked with life assurance policies.

One of the factors behind the rapid growth of life assurance as a savings vehicle over the last 30 years has been the high commissions paid to salesmen, which can often amount to more than 100 per cent of the first year's premiums. The insurance industry has consistently argued that full disclosure of commissions would deter people from buying life insurance. This argument played a decisive role in persuading the Government in the 1985 White Paper which preceded the

Financial Services Act to allow insurance intermediaries not to disclose commissions, provided that they were in line with an industry-wide agreement. Yesterday's announcement marks a fundamental reversal of policy by Lord Young.

"The whole thing has been thrown into the melting pot," said Mr Bill Proudfoot, chief general manager of the Scottish Amicable insurance company, who is a member of the Securities and Investments Board (SIB) was one of the leading advocates of a fixed commissions scale and only limited disclosure of commissions. "All those who have been blubbing on about the need for competition and disclosure will regret that they did away with the commissions agreement. I used to feel very strongly that the industry would be decimated by a change like this."

Mixed opening to year for US property and casualty insurers

BY ANATOLE KALETSKY IN NEW YORK

SEVERAL US property and casualty insurance companies yesterday announced mixed results for the first quarter, with Chubb's profits advancing 17 per cent, but Transamerica showing a 25 per cent fall in its after tax results.

Fireman's Fund reported net profits of \$64m but said the figures were not comparable with those of a year earlier.

Chubb reported net income of \$102.5m or \$2.43 a share, against \$87.5m or \$2.15 in the first quarter of 1987. Premiums written in the company's property/casualty business increased by 5.5 per cent to \$74.4m and the combined loss and expense ratio improved to 96 per cent from 97.9 per cent last year.

Chubb's post-tax investment income excluding life and health operations grew to \$68.4m from

\$54.9m, while the life and health business made a net contribution of \$6m, compared with \$6.5m.

The biggest improvement in the operating ratio came in the personal and commercial automobile businesses. In personal auto insurance, combined losses and expenses fell to 108.5 per cent of net premiums from 122.3 per cent.

In commercial auto, the combined ratio fell to 98.5 per cent from 114.8 per cent. Combined ratios deteriorated somewhat in the homeowners and commercial casualty markets.

Transamerica's net fell to \$76.6m or 97 cents a share, compared with \$82.7m or \$1.19 from continuing operations last year. Businesses discontinued last year had contributed a further \$18.4m

and boosted Transamerica's reported net income to \$111m in the first quarter of 1987.

The main reason for the decline in Transamerica's continuing net income was a sharp fall in gains from investment transactions.

Fireman's Fund's net income in the latest quarter was equivalent to \$1.15 a share. A year earlier, it reported profits of \$28.9m or \$3.15, but this included \$81m in realised capital gains - against \$25m this time - and a one time \$61m pension gain.

Mr Jack Byrne, chairman, said: "We have the makings of a solid year." In property-liability subsidiaries, net premiums written fell 19 per cent to \$72m in line with the company's "disciplined underwriting strategy."

New Issue
April 27, 1988

This advertisement appears as a matter of record only.

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Old loyalties rally to Rowntree's side

BY DAVID WALLER IN YORK

NOT SINCE AD 866, when a flotilla of marauding Vikings sailed up the River Ouse, have the burghers of York faced such an indignity at the hands of foreign invaders.

Today's raiders may be but the corporate variety, hailing from Switzerland rather than the fjords, but the prospect of a bid battle between Nestlé and Suchard for chocolate-maker Rowntree - this ancient city's biggest employer - is as unwelcome as if they had come to rape and pillage.

"York is Rowntree and Rowntree is York," said one resident yesterday.

"It would be a sad, sad day if we were to lose it."

Rowntree has a workforce of 5,500 here and its association with the city dates from 1725, when a Miss Mary Tuke, a

Quaker, opened a grocer's shop in Walmgate.

Her descendants diversified into cocoa and chocolate making and sold out to Mr Henry Isaac Rowntree in 1882.

Together with his brother, Joseph, Henry built the company into one of the two largest chocolate companies in the UK - along with Cadbury's.

The brothers acquired a reputation not just for innovative products - they sold the first fruit pastilles in 1881 - but for paternalism as well.

Their legacy survives to this day in the tangible form of a district in York called New Earswick, where around the turn of the century rows of houses were built for the company's employees, each street named after and planted with a different type of tree.

It also remains in the intangible form of memories and loyalties.

Mr George Wellbourne is typical of those attending Rowntree's annual meeting yesterday - the company's 91st first such gathering, which took place in the Joseph Rowntree theatre named after one of the philanthropic entrepreneurs.

Mr Wellbourne worked for Rowntree for 38 years, his father for 51 years before him, his uncle for another 30 years.

"The family got together for a photograph in 1950. Between us we had done 300 years of service. There are lots of families like ours in York."

In his younger days Mr Wellbourne could have played for Rowntree's football or rugby team; now he can avail himself of keep fit classes for Rowntree

pensioners.

His wife, also a former Rowntree employee, can go to embroidery lessons. Together, they go on a Rowntree outing once a year.

"They own 300 shares in Rowntree but do not intend to sell them - at any price."

Sir Donald Barron, Rowntree chairman from 1966 to 1981, yesterday expressed a similar hope that institutions would look beyond the statistics.

"You hear about the company being 'in play' as if it were an inanimate object. It isn't," he declared to tumultuous applause.

"What about tradition? What about soul? What about people?"

The big question now is how persuaded fund managers will be by such an appeal.

The accent is definitely local. But the M & A expertise is always world class.

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Biochemo S.p.A.
a subsidiary of
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The buyer was assisted by
The Chase Manhattan Bank, N.A.
Milan Branch

Techpack
a subsidiary of
Eurocom
has merged with
Teleplastics Industries (TPI)
The undersigned initiated this transaction and assisted Eurocom and Techpack in the negotiations.
Chase Manhattan Bank (Paris)
January 1988

Pillar Merchating Limited
has acquired
MBS Distribution
from
Glynwed International PLC
The undersigned initiated this transaction and assisted Pillar Merchating Limited in negotiations.
Chase Investment Bank Limited
July 1987

Schering Health Care Limited
has sold its subsidiary
Schering-Prebbles Limited
to
Seton Products Limited
The undersigned acted as financial advisor to Schering Health Care Limited in this divestiture.
Chase Investment Bank Limited
December 1986

Arner S.A.
and
Chaseinvest S.A.
have acquired a majority participation in
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The deal was structured and performed by
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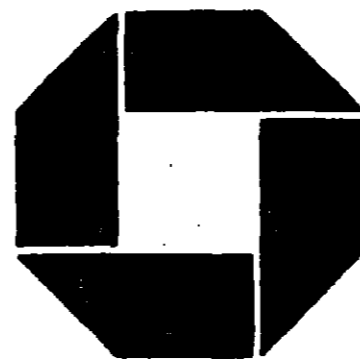
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Telephone: 01-726 3710.



CHASE

INTL. COMPANIES AND FINANCE

Pechiney eyes US after showing strong recovery

BY PAUL BETTS IN PARIS

PECHINEY, THE French state-controlled metal fabricating group, yesterday reported a strong recovery in financial performance, with profits of FF728m (\$123m) for 1987 compared with a loss of FF451m in the previous year. The 1986 figure was struck after exceptional restructuring costs of FF939m.

Mr Jean Gandois, the chairman, also said that first-quarter performance had advanced significantly and that 1988 would be a good year for aluminium.

He added that Pechiney planned to announce shortly an acquisition in the US as part of the diversification strategy for its US Howmet subsidiary which specialises in manufacturing components for jet engines.

Pechiney's turnover last year rose to FF88.95m from FF74.7m. On a comparable basis, sales of industrial operations declined slightly, to FF32.7m from FF33m. Although sales volumes increased, industrial turnover in cash terms declined a little because of the impact of the lower dollar.

Operating income after financial charges rose to FF1.79m last year from FF1.15m. The recovery in aluminium prices helped Pechiney's aluminium division report operating earnings of FF198m compared with a loss of FF28m. Sales of the aluminium operations rose to FF15.6m from FF15.5m. The special products and pack-

aging division, which includes both Rowmet and the Cebel packaging subsidiary, saw their operating profits decline by 10 per cent to FF1.45m, largely as a result of the impact of the lower dollar on the translation of Howmet's earnings.

Although ferroalloys were close to break-even last year, the heavy carbon operations increased their loss. But Mr Gandois said he expected these losses to decline this year following restructuring.

Pechiney's copper operations had no impact on earnings after the merger of these activities with those of the Italian SMI group in a venture controlled by the Italian company.

Building boom boosts Skanska

By Sara Webb in Stockholm

SKANSKA, THE largest construction company and biggest private sector property owner in Sweden, reported a doubling in profits for 1987 helped by the strong improvement in its domestic contracting operations and the Swedish construction boom.

Full-year profits - after financial items - surged to SKr1.722m (\$322.5m) from SKr854m in 1986, while total invoiced sales increased by 23 per cent to SKr19.65bn from SKr16.1bn. The board proposed raising the dividend from SKr3 to SKr3.50.

Skanska was less optimistic about 1988 and forecast that profits this year would be at about the same level as in 1987. The group said it expected to see a slowdown in the over-heated construction market.

Skanska's contracting operations turned from a loss of SKr24m in 1986 to a profit of SKr24m last year. It said it had set tougher profit targets for each project in order to improve profitability from Swiss operations last year.

Furthermore, the construction boom for office and residential projects in leading cities such as Stockholm, Gothenburg, and Malme helped to lift profits significantly.

The acquisition of shares in JM, a rival real estate and construction company which is now a subsidiary, helped to boost income from property management and the sale of properties.

Income from the Skanska group revenue. Income from the sale of investment and development properties more than doubled, from SKr161m to SKr374m, while income from property management increased from SKr290m to SKr280m.

AEG lifts first-quarter turnover

BY ANDREW FISHER IN FRANKFURT

AEG, THE West German electrical and electronics company which is controlled by Daimler-Benz, expects further rises in turnover and new orders in 1988, but Mr Heinz Dürr, the chairman, warned that the economy could weaken after the stronger than expected start to the year.

In the first quarter, AEG's turnover was 8 per cent higher at DM2.6bn (\$1.66bn) with new orders up by 5 per cent to DM3bn. With an improvement of 10 per cent, new foreign business showed a much steeper rise than domestic orders, which were 3 per cent higher.

As in previous years, AEG, which was nearly bankrupt in the early 1980s, reported no earnings for 1987, again using its profits to strengthen its finances. Total turnover in 1987 was 4 per cent higher at DM11.7bn, though exports were down by 5 per cent as a result of the strength of the D-mark.

The Frankfurt-based company also announced that it was buying back the 49 per cent of Telefunken Electronic (TEG) owned by United Technologies of the US. AEG owns 49 per cent of TEG, which makes electronic components and has a turnover of DM600m a year. No price was given.

AEG is the subject of an offer by Daimler to buy up the remaining minority shares. Mr Dürr said the closer links with its parent, to be enshrined in a corporate control contract, marked the start of a new era for AEG, which would be a group division in itself on a par with cars and trucks.

For the first time since 1972, AEG will, under the contract, pay a dividend for 1987 to shareholders who keep their AEG stock. This will be 20 per cent of the Daimler payment, in line with the terms of the offer of one Daimler share for five of AEG. A profit transfer agreement will come into effect in 1982, giving

AEG time to use up its remaining DM1.5bn of tax losses.

On the economy in general, Mr Dürr said he was sceptical of the high hopes being put on consumer spending. He also expressed doubts about German competitiveness abroad. This could have consequences for jobs, though he did not elaborate and said AEG had no concrete plans for short-time working.

Mr Dürr said he was not satisfied with AEG's results - operating profits were about DM100m - and repeated that the company was still building itself up for the next decade. Its loss-makers are the AEG Kams turbine manufacturer (over DM100m of losses last year) and the Olympia office equipment company (around DM50m).

He said the total AEG investments of DM3.5bn planned for the next five years would be financed out of cash-flow, which rose last year by 20 per cent to DM905m.

Arbed improves after plunging deep into red

By William Dawkins in Brussels

ARBED, THE Luxembourg-based iron and steel producer, yesterday announced its first full-year loss since 1983, but said it was now trading in the red.

Net losses for 1987 totalled just over LFr2.2bn (\$62.7m), a dramatic swing from the LFr980m net profit achieved in the previous year and a reminder of the fragility of the upturn now being enjoyed by much of the European steel industry.

An Arbed official said widespread price cutting by French, Italian and West German producers of long products - in which the Luxembourg company specialises - was the main reason for the setback. Arbed is a leading producer of heavy sections, beams and wire, largely for the construction industry, where sales prices have been slower to respond to the world upturn in steel demand because of persistent production overcapacity in long products.

The company's policy of retreating to drop prices as sharply as its competitors led to a 6.4 per cent fall in deliveries. The dollar's weakness also hit Arbed in export markets, so that overall turnover collapsed by 17 per cent to LFr47.9bn.

Sales prices and deliveries picked up at the turn of the year, especially in export markets, the company said. Around a quarter of its production is sold outside the European Community, mainly to the US and Eastern Europe.

Arbed said the recovery returned it to the black for the first months of this year and should allow it to "make up in 1988 for the ground lost in 1987."

Esab raises earnings by 130% at three months

BY OUR STOCKHOLM STAFF

ESAB, THE Swedish group which is the world's leading manufacturer of welding equipment, showed a 130 per cent jump in profits for the first quarter, as a result of earlier cost-cutting and restructuring measures.

The group expects full-year profits to show an increase of up to 50 per cent on the 1987 figure of SKr205m (\$36m) - after financial items.

Esab's first-quarter profits - after financial items - reached SKr85.3m compared with SKr36.7m in the same 1987 quarter, which was a particularly weak quarter for the group.

Order intake totalled SKr1.1bn, virtually unchanged from the previous first quarter, while invoicing rose by 16 per cent to SKr1.07bn.

Mr Bengt Eklöf, group chief executive, said demand for Esab's range of products had generally been good, especially from the UK and Swedish markets, but added that most of the profit improvement came from better margins as a result of the group's cost-cutting programme and restructuring of acquisitions over the past five years.

Demand for welding equipment increased, and automatic equipment showed a slight increase in sales. However, demand for robotic stations was weak, particularly in the important West German and US markets.

Cockerill sees profit for 1988

By Our Financial Staff

COCKERILL-SAMBRE, the Belgian steel group which has been losing money for years, expects to make a net profit for 1988 should current operating levels be maintained into the second half of the year.

A company official said net losses for 1987 would fall short of the BFr2bn (\$7m) for which the group had budgeted. Turnover for last year was expected to total about BFr155bn when the group result is published towards the end of June.

Rationalisation and the low dollar were mainly responsible for the better results, the company said. Cockerill incurred a net loss of BFr4.03bn in 1986 on turnover of BFr156.3bn.

At BFr1.25bn the group losses for the first six months of 1987 were heavier than expected. But Mr Jean Gandois, group president, announced that Cockerill had been breaking even at the operating level for most of the second quarter and that he looked forward to further progress.

Postbank plans flotation

THE DUTCH Finance Ministry said it plans to float a minority stake in the state Postbank by 1990 at the latest, adding it did not rule out the possibility that additional stock could be marketed at a later date, writes Our Financial Staff.

The Government is to allow Postbank to expand its range of services, which means existing restrictions on credit and bond and stock underwriting and trading would be lifted.

The ministry said the precise timing of the flotation would depend on developments on the stock markets.

DnC names managing director

August 1 or earlier. "DnC faces a crisis of confidence, but I regard this a major challenge," he said.

Mr Arnkvaern temporarily replaced Mr Leif Terje Loedde-soel, who resigned in January after the banking group had run up heavy losses on its securities business. The bank was forced to declare a net loss for 1987 of NKr1.5bn (\$243m).

Mr. Randsboer, currently vice-president of the Aker-Nor-nem group, is to take over as managing director of DnC on

TO THE HOLDERS OF

EBC AMRO TRADED CURRENCY FUND LIMITED

INCOME SHARES IN CONTINENTAL DEPOSITORY RECEIPT FORM

The Directors of the above fund have declared the following final dividend per share for the financial period ended 31st March, 1988, payable on 29th April, 1988 in respect of shares in issue on 31st March, 1988:-

US Dollars 0.3674 per share against coupon No. 8.

Shareholders should send their coupons to Amsterdam Depository Company N.V., Spuistraat 172, 1012 VJ, Amsterdam.

EBC Trust Company (Jersey) Limited
Secretary

Dated: 27th April, 1988.

NOTICE OF INTEREST RATE

To the holders of

BankAmerica Corporation

Floating Rate Subordinated Capital Notes Due October 1989
CUSIP 060660 BG 9

Pursuant to the provision of the Notes issued under the Indenture of BankAmerica Corporation dated as of June 15, 1984 as amended by the Second Supplemental Indenture dated as of September 20, 1987, the rate for the period from April 27, 1988 to and including July 27, 1988 is 8.5625%. The amount of interest payable on July 27, 1988 is U.S. \$2,164.41 for each \$100,000 principal amount of the Notes.

Manufacturers Hanover Trust Company,
as Calculation Agent

April 20, 1988

BANCO DI NAPOLI INTERNATIONAL S.A.

ECU 30,000,000

Floating Rate

Certificates of Deposit

Notice is hereby given that the Bank has opted to prepay the Certificates on the Interest Payment Date falling in May 1988 (i.e. 27.5.88) in accordance with Condition 3 thereof.

Agent Bank

ITALIAN INTERNATIONAL BANK PLC

Telefonaktiebolaget L M Ericsson
(L.M. Ericsson Telephone Company)

The Annual General Meeting of the Company will be held in the Rector H. Strandvägen 69, Stockholm at 5.00 p.m. on Thursday May 19, 1988.

The following items will be on the Agenda of the Meeting:

1. To elect a Chairman for the Meeting
2. To approve the voting list
3. To confirm that the Meeting has been properly called
4. To elect two persons to check the minutes of the Meeting
5. To present the Annual Report and the Auditors' Report
6. To present the Consolidated Accounts and the Auditors' Report on the Group
7. To approve the Profit and Loss Statement and the Balance Sheet
8. To approve the consolidated profit and loss statement and the Consolidated Balance Sheet
9. To discharge the members of the Board of Directors and the Managing Director from liability
10. To determine the appropriation of the profits, provided the balance sheet is approved
11. To fix the date of payment of the dividend declared
12. To determine the number of members of the Board of Directors and deputy members
13. To determine the remuneration payable to the members of the Board of Directors and to the Auditors
14. To elect members of the Board of Directors and deputy members
15. To elect Auditors and deputy Auditors
16. To decide on any other business which according to the Companies Act of 1975 shall be dealt with at the Meeting.

Shareholders intending to participate in the Annual General Meeting must be entered as Shareholders in the share register kept by Værdpapircentralen VPC AB (securities register centre) not later than May 9, 1988.

Shareholders whose shares are registered in the name of an agent must register the shares temporarily in their own names in order to participate in the Meeting.

In addition to the above-mentioned requirements, Shareholders shall give notice of attendance to the Headquarters of the Company at Telefonplan 5-125 25 Stockholm, between 10.00 a.m. and 4.00 p.m. daily, not later than May 16, 1988 at 4.00 p.m.

Any person desiring to participate in and to vote as proxy on behalf of a Shareholder at this Meeting must produce a dated power of attorney before being allowed to do so.

The Board of Directors has proposed May 25, 1988 as the record day for payment of dividends. Provided this proposal is approved, the dividend is expected to be paid by Værdpapircentralen VPC AB on June 1, 1988.

April 1988

The Board of Directors

This announcement appears as a matter of record only

March 1988

Bank of Greece
USD 350,000,000
Term Loan Facility

Arranged by

Arab Banking Corporation (ABC)
Chase Investment Bank
Compagnie Luxembourgeoise de la
Dresdner Bank AG
- Dresdner Bank International -
Gulf International Bank B.S.C.
Orion Royal Bank Limited

The Bank of Tokyo, Ltd.
The Dai-ichi Kangyo Bank, Limited
First Chicago Limited
The Fuji Bank, Limited

National Westminster Bank PLC
The Sumitomo Bank, Limited

Lead Managed by

Commerzbank
Abteilung
Mitsui Finance International Limited

The Kyowa Bank, Ltd.
The Saitama Bank, Ltd.

Co-Lead Managed by

The Taiyo Kobe Bank Limited

Managed by

The Bank of Ireland
Oesterreichische Laenderbank AG

Co-Managed by

Banco Arabe Espanol, S.A.
Banco di Napoli
BFG Luxembourg S.A.
The Long Term Credit Bank of Japan (Schweiz) AG
Nichiboshin (UK) Ltd
Zentralsparkasse und Kommerzbank, Wien

Banca Commerciale Italiana, Madrid Branch
Banca Nazionale del Lavoro, London Branch
BRIB
National Bank of Greece S.A.
Yamaichi International (Nederland) N.V.

Provided by

Arab Banking Corporation (ABC)
Banca Nazionale del Lavoro, London Branch
Bank Bumiputra Malaysia Berhad
Banque de Luxembourg S.A.
Banque Nationale de Grece (France)
BFG Luxembourg S.A.
Credit Industriel d'Alsace et de Lorraine, Luxembourg Branch
The Dai-ichi Kangyo Bank, Limited
The First National Bank of Chicago
The Industrial Bank of Japan, Limited
The Kyowa Bank, Ltd.
National Bank of Greece S.A.
Oesterreichische Laenderbank AG
SKOPBANK
Toho Bank Ltd

Amb Hellenic Bank S.A. Athens
Banca Commerciale Italiana, Madrid Branch
Banco Arabe Espanol, S.A.
Banco di Napoli
Bank Bumiputra Malaysia Berhad
The Bank of Ireland
The Bank of Tokyo, Ltd.
Banque Nationale de Grece (France)
BRIB
Banque UCL S.A.
COMMERZBANK INTERNATIONAL S.A.
Credit Industriel de l'Ouest
Credit Industriel de la Dresdner Bank AG
The Fuji Bank, Limited
Gulf International Bank B.S.C.
Kuwait-French Bank
Kuwait Real Estate Bank K.S.C.
Mitsui Finance International Limited
Nichiboshin (UK) Ltd
RBC Finance B.V.
The Saitama Bank, Ltd.
The Shiga Bank, Ltd.
The Sumitomo Bank, Limited
The Taiyo Kobe Bank Limited
Zentralsparkasse und Kommerzbank, Wien

Agent

Eurodollar Tranche
The Bank of Tokyo, Ltd.

Agent

Multicurrency Tranche
Orion Royal Bank Limited

English legal advisers in the Arrangers
Allen & Overy

BIOTECHNOLOGY

The Financial Times proposes to publish this survey on:

Friday 27 May 1988

For a full editorial synopsis and details, of available advertisement positions, please contact:

Stephen Dunbar-Johnson
on 01-248 8808 ext 4148

or write to him at:

Bracken House
10 Cannon Street
London
EC4A 3DF

FINANCIAL TIMES
Circulation 1,200,000

U.S. \$100,000,000

Fortune Federal Savings and Loan Association

Collateralized Floating Rate Notes Due 1992

Interest Rate **7 7/8% per annum**

Interest Period **27th April 1988**
27th July 1988

Interest Amount per U.S. \$100,000 Note due **27th July 1988** **U.S. \$1,864.24**

Credit Suisse First Boston Limited
Agent Bank

AEGON
Insurance Group

AEGON N.V. registered offices at The Hague, The Netherlands

Shareholders are invited to attend the Annual General Meeting of Shareholders to be held in the room "Residentiazaal" of the Promenade Hotel, 1 Van Stolkweg, The Hague, The Netherlands on Thursday, May 19th, 1988 at 2.30 p.m.

Agenda

1. Opening
2. Minutes of the Meeting of May 19th, 1987
3. Report of the Executive Board on the 1987 financial year.
4. a. Approval and adoption of the annual accounts for the 1987 financial year, which have been determined by the Supervisory Board.
- b. Submission of the components of the final dividend to be paid in stock and/or cash for approval.
5. Financial information on the first quarter of 1988.
6. Retirement and (Re)appointment of members of the Supervisory Board:
 - a. fulfillment of one vacancy arising from retirement of one member of the Supervisory Board.
 - b. Having attained the age limit as laid down in the Articles of Incorporation Mr. J. Zijlstra will retire definitively on May 19th, 1988. The Supervisory Board intends to fill the vacancy by appointing Mr. J. A. Houtzager as per May 19th, 1988.
 - c. fulfillment of two vacancies arising from retirement by rotation of two members of the Supervisory Board.
7. Messrs. G. Gerritse and K. Wetherell will retire by rotation on May 19th.

Shareholders who are entitled to attend the Meeting and will be eligible for reappointment. The Supervisory Board intends to reappoint the aforementioned gentlemen as members of the Supervisory Board as per May 19th, 1988.

7. Changing remuneration of the members of the Supervisory Board.

8. Appointment of Auditors.

9. a. Designation of the Executive Board as the Company Body empowered to issue shares in the Company and to deviate from the presumptive right of shareholders.

b. Authorization to the Company to acquire shares in its own capital or BDR's thereof for a consideration.

10. Further information from the Executive Board.

11. Matters arising.

12. Questions and Closing.

Holders of shares to bearer of the Company are admitted to the Meeting on production of a certificate proving that their shares have been filed; in The Netherlands at the office of a member of the Vereniging voor de Effectenhandel; in the United Kingdom at the Amsterdam-Rotterdam Bank N.V. and the Allgemeine Bank Nederland N.V. in London; in Switzerland at the Schweizerischer Bankverein, the Schweizerische Kreditanstalt and the Schweizerische Bankgesellschaft in Zürich, Basle and Geneva. The filing must have taken place on May 13th, 1988 at the latest.

Copies of the agenda with explanation and further documents pertaining to this Meeting are available to shareholders free of charge at the Company's offices in The Hague, Amsterdam and London, at the Schweizerischer Bankverein in Zürich and at Morgan Guaranty Trust Company of New York in New York.

The Hague, April 27th, 1988.
50 Mariahoveplein

The Executive Board

INTERNATIONAL COMPANIES AND FINANCE

Issue by Shun Ho highlights fears over HK equity warrants

BY DAVID DODWELL IN HONG KONG

A HONG KONG fashion for equity warrants sealed new heights yesterday with news of a HK\$600m (US\$76.9m) warrant launch from the locally-based Shun Ho Property Development.

The issue must highlight concern among the territory's stock exchange officials over the proliferation of warrants, and over potential abuses that jeopardise the maintenance of genuine markets in the shares of a number of quoted companies.

The majority shareholder in Shun Ho is a company called Magnificent Estates and the structuring of yesterday's warrant issue was nothing if not magnificent in its complexity.

Shun Ho is to offer 1988-dated warrants in a ratio of six for every one share already in issue. It will then offer one 1990 warrant for every five held and a bonus issue of one 1997 warrant for every 10 shares held.

The 1990 warrants can be exercised at HK\$1.05, though warrant holders who exercise them before August 8 will be allotted one additional 1990 warrant as a bonus for every three 1988 warrants exercised. The company says the exercise price for 1990 warrants will be HK\$1.05, and for 1997 warrants HK\$1.50.

The company says this byzantine procedure will generate HK\$600m, half of which will be used to pay for a Hong Kong hotel acquired recently by Shun Ho Property Development for HK\$255m.

Shun Ho Lands, which with Magnificent Estates controls 80 per cent of Shun Ho Property Development, gained a stock market listing in Hong Kong in May last year. Magnificent was acquired by Shun Ho Lands two months later.

The company statement yesterday added that Magnificent Estates - which would be entitled to 50 per cent of the warrants being issued - would not exercise its rights. Instead, its entitlement of 1988 warrants will be distributed to its shareholders - Shun Ho Lands. As a parting shot, Magnificent notes that it also plans to issue warrants.

David Lascelles on a US bank's analysis of the effects on its balance sheet of proposed rule changes
JP Morgan takes capital ratio plans in its stride

J.P. MORGAN, long the most highly rated bank in the US, makes a virtue of its strong balance sheet in its latest annual report.

Along among the world's leading banks, the parent company of Morgan Guaranty Trust has published a detailed assessment of the effect on its capital ratios of the proposed international regulatory changes being prepared by banking supervisors in Basel. Not surprisingly, these cast Morgan in an excellent light, confirming that its capital is already far in excess of the measures that will not come into force until the end of 1992.

Ironically, the report comes out just after Morgan was stripped of its prized Triple A credit rating by Moody's, one of the New York rating agencies, because of its Third World debt exposure. But Mr Dennis Weatherstone, Morgan president, said he viewed the move "with disagreement and disappointment" and insisted that "J.P. Morgan merits the utmost investor confidence."

The Basel proposals, due for confirmation in June, set two tiers of capital. Tier I consists of shareholders' equity and disclosed reserves, Tier II of general provisions, property revaluation reserves, hidden reserves and other capital instruments. At least half a bank's capital must be in Tier I.

Banks will have to maintain capital equivalent to at least 8 per cent of their assets after these have been weighted according to their riskiness along formulae laid down by Basel.

Morgan's total assets at the end of 1987 were \$74.2bn. On a risk-adjusted basis, these come down to \$46.5bn, mainly because many of them are low-risk assets such as loans to governmental bodies and other banks. In addition, Morgan calculates it has \$24bn in off-balance sheet and other commitments which bring its total risk adjusted balance to \$70.5bn.

Insofar as capital is concerned, Morgan reports Tier I resources of \$6bn and Tier II of \$2.5bn, making a total of \$8.5bn. This amounts to 12.05 per cent of risk

	Balance \$bn	Risk-adjusted \$bn
Total assets	74.2	46.5
Commitments & contingencies	38.2	17.2
Foreign currency and pre-origination contracts	190.8	5.9
Interest rate contracts	63.7	0.9
Total assets and off-balance sheet exposures		70.5
Capital: Tier I		6.0
Tier II		2.5
Total capital		8.5
Ratio of total capital to risk-adjusted assets and exposures		12.05%

Source: J.P. Morgan annual report 1987

adjusted assets, or more than half as much again as the 8 per cent required by Basel.

In fact, Morgan admits that its calculations err on the generous side because it has included in its capital calculations its full allowance for credit losses (rather than the 1.25 per cent of exposures as proposed), and has pushed into Tier I some elements of Tier II.

These would be permitted under transitional arrangements leading up to 1992. A strict interpretation of the rules puts Morgan's risk/asset ratio closer to 10 per cent.

Few other banks are likely to follow Morgan's example in a hurry, Citicorp says in its annual report that "because the guidelines have not yet been finalised,

Citicorp is unable to estimate with accuracy the impact on its capital position."

The UK clearing banks have all said that they are not yet prepared to disclose their risk/asset ratios. Lloyds Bank, which did go on a one-off basis in 1986 (it was 11.6 per cent), does not intend to repeat the exercise for 1987. Most Continental European banks are not in a position to make Morgan-type disclosures because they maintain hidden reserves.

Analysts estimate that a number of leading US banks will be hard-pressed to meet the Basel capital levels without resorting to their shareholders for more equity funds.

Banks like Manufacturers Hanover, Chemical Bank, and Bank of America have been particularly weakened by losses and bad debt exposure. Some US bankers have been pressing regulators to broaden Tier I to include hybrid capital instruments like preferred stock to boost their ratios, but this is unlikely to be agreed.

Mr Thomas Labrecque, president of Chase Manhattan Bank, said he believed the objectives of the Basel accord were laudable, but he feared that they would be implemented differently at individual country level and that US banks would lose out to banks in other countries.

"The common objective is defeated by having different systems," he said. Chase's Tier I capital is currently at 3.54 per cent of risk assets and it is aiming for 4 per cent by year-end.

Morgan's readiness to lay out its capital position is evidence that the Basel accord will put pressure on banks to improve their standards of disclosure. Strong banks will be eager to reinforce their soundness to capitalise on their position in the market and gain competitive advantage over their weaker rivals. Banks which fail to make the disclosure will increasingly risk drawing invidious comparisons with their more candid competitors.

"It could become a form of advertising," says Mr Rodney Schwarz, who analyses banks for PaineWebber in London.

Record first quarter for Capital Cities/ABC

BY OUR FINANCIAL STAFF

CAPITAL CITIES/ABC, the big US media group, has reported record first-quarter earnings, but said it expects declining advertising demand in certain print and broadcast media markets to depress its outlook for the year.

The company reported 1988 first-quarter net earnings of \$70.2m, or \$4.16 per share, against \$23.2m, or \$1.43, in 1987. It said the ABC Television Network reported a sharp loss for the quarter due to a deficit of about \$85m incurred in broadcasting the Winter Olympic Games.

The company did not detail ABC's results but reported that overall broadcasting revenues in the first quarter were \$1.04bn against \$721.9m in the first quarter of 1987. Capital Cities attributed the revenue increase primarily to its Winter Olympic and Super Bowl XXXI broadcasts.

Operating earnings for the company's television stations and for ESPN, the cable network for which it provides programming, were well ahead of 1987 results, but the company did not provide detailed figures. Capital Cities owns eight television stations outside from ABC.

On the publishing side, Capital Cities reported declining earnings, although net publishing revenues increased to \$246.2m from \$237.3m for the comparable prior-year period.

The decline mainly reflected sluggish advertising demand and the effect of several start-up publications it has recently launched.

On the general outlook, Capital Cities said that, in spite of benefits from the reduced Federal tax rate and a continued decline in its net financing costs, weak advertising demand at the broadcast television network and at specialised publications would dampen 1988 results.

BHP sells rest of Rheem to SA Brewing

BY CHRIS SHERWELL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's largest company, yesterday sold its remaining shares in Rheem Australia to SA Brewing Holdings, the Adelaide-based beer maker, thereby concluding another element of its \$1.1bn (US\$750m) programme of asset disposal.

The steel, petroleum and minerals group decided in February to sell its 61 per cent stake in the packaging and appliance group. The sale is to help pay for BHP's \$2.7bn restructuring plan to neutralise the influence of Mr John Elliott's Elders IXL and Mr Robert Holmes & Court's Bell Resources, which together then owned almost half the company.

In March, Email, the white goods manufacturer, offered BHP \$2.35 a share for its Rheem stake. But a few days later BHP announced the sale of 29.6m Rheem shares to SA Brewing at \$2.65 and 6.96m options at \$2.80.

With this 19.9 per cent stake under its belt, SA Brewing said it would be bidding for the balance at the same price, and BHP yesterday confirmed its acceptance of the offer. The bid valued Rheem at \$493.9m.

Earlier this month BHP also agreed to the early redemption by Elders IXL of BHP's preference shares in Elders. The redemption was expected to give

BHP about \$980m to repay short-term debt which helped finance the group's restructuring.

BHP has previously announced some \$1.13bn of sales including resources projects in Western Australia and Queensland, petroleum interests in Queensland and a stake in a plastics joint venture with Monsanto of the US.

BHP is raising \$415m through its first Eurocommercial paper programme. AP-DJ adds from Melbourne.

The funds are for general corporate financing, the company said. BHP Australia is arranging the programme in Hong Kong for BHP Finance.

Industrial Equity (IEL), Sir Ron Brierley's Australian company, has lifted its 13 per cent stake in Rothmans Holdings to just 15 per cent through an unusual tender seeking offers of any number of shares at any price.

IEL had aimed to reach a 20 per cent holding in the Australian tobacco and confectionery company which is half owned by Rothmans International of the UK. It accepted slightly more than 2m shares at an average \$96.30, which compares with a current market price of \$98

Jump at Mitsubishi Petrochemical

BY OUR FINANCIAL STAFF

MITSUBISHI PETROCHEMICAL, Japan's largest petrochemical group, pushed consolidated net profits 2.7 times higher last year to ¥10.13bn (\$81.2m) from ¥3.75bn, more than offsetting a 1988 earnings slide.

The company, in which Royal Dutch/Shell has a minority stake, attributed the result to cost cut-

To the holders of
COMMONWEALTH BANK OF AUSTRALIA
 £ 15,000,000 10 per cent Deposit Certificates
 Yes/Australian Dollar Notes due April 26, 1992

In accordance with Condition 14 of the above-mentioned Notes (the "Notes"), Commonwealth Bank of Australia (the "Bank") hereby gives notice that, with the approval of the Law Debenture Trust Corporation p.l.c., as trustee for the holders of the Notes (the "Trustees"), the London branch of the Bank at 8 Old Street, London EC2A 4DU, has been appointed paying agent in London for the Notes with immediate effect and with the approval of the Trustees, notice has been given to Orion Royal Bank Limited of the termination of its appointment as paying agent in respect of the Notes.

COMMONWEALTH BANK OF AUSTRALIA

ASTRA

Scandinavia's leading pharmaceutical company

Highlights from 1987

- ▲ Operating earnings up 16%
- ▲ Pre-tax earnings increased faster than Sales for the tenth year in succession
- ▲ Two new products, Losec (antipeptic ulcer agent) and Plendil (antihypertensive agent), were approved in their first markets.

	1987 SEK m.	1986 SEK m.	Percentage change
Sales	5,406	4,960	+9
Operating earnings	1,244	1,068	+16
Earnings before appropriations and taxes	1,295	1,151	+13
Earnings per share after theoretical tax* (SEK)	8.80	8.25	+7
Dividend per share (1987 proposed) (SEK)	2.00	1.56	+28

*Theoretical tax includes taxes that would have been paid on earnings, if no tax credit had been taken through appropriations to untaxed reserves.

Notice of Annual General Meeting

Shareholders are hereby notified that the Annual General Meeting of AB Astra will be held at 6.00 p.m. on Wednesday, May 18, 1988 in Folkets Hus, Jantagatan 26, Södertälje, Sweden.

Notice of Attendance

Shareholders on record in the shareholders' register kept by Vardepapperscentralen VPC AB (Swedish Securities Register Centre) on Friday, May 6, 1988 will be entitled to participate at the Annual General Meeting. In order to participate shareholders must also notify the Company of their intention to attend no later than 3.00 p.m. Swedish time on Friday, May 13, 1988, by mail, addressed to the Board of Directors, AB Astra, S-151 85 Södertälje, Sweden, or by telephone, by calling Int.+46-755-329 80, extension 1510.

Shareholders whose shares are registered in nominee names must, if they wish to be entitled to participate in the Meeting, temporarily re-register their shares in their own names. Such re-registration must be effected no later than Friday, May 6, 1988.

A shareholder may attend and vote at the Meeting in person or by proxy but, in accordance with Swedish

practice, the Company does not send forms of proxy to its shareholders. Shareholders wishing to vote by proxy should submit their own forms of proxy to the Company.

Agenda
 Matters required by the Company's Articles of Association to be set before the Annual General Meeting.

Dividend
 The Board proposes Tuesday, May 24, 1988 as the record date for entitlement to the dividend proposed in the respect of 1987. Subject to the approval of the Board's proposal by the Meeting, dividends are expected to be mailed by Vardepapperscentralen VPC AB on May 31, 1988.

Södertälje, Sweden, April 1988
 BOARD OF DIRECTORS

ASTRA
 Research Today
 Investment for tomorrow.

NET INCOME UP 22%

The CRÉDIT LYONNAIS GROUP: consolidated financial information for 1987

F in millions	1986	1987	% change
Total assets	837 296	898 956	+ 7.4
Customer lending	359 748	417 231	+ 16.0
Equity and quasi equity	20 193	24 568	+ 21.7
- of which nonvoting loan stock and perpetual subordinated debentures	3 500	5 500	+ 57.1
Provisions	26 860	31 802	+ 18.4
- of which country risk provisions	12 114	13 969	+ 15.3
- representing country risk coverage of Equity and quasi equity plus provisions as % of customer lending	13.1%	13.5%	
Gross operating profit	26 438	27 297	+ 3.2
- of which net capital gains on marketable securities	906	533	- 41.2
- of which net commissions	5 231	6 187	+ 18.3
Operating income	9 041	8 784	- 2.8 (1)
Net allocation to provisions	6 210	5 325	- 14.2
Net income, Group's share	1 821	2 223	+ 22.0

(1) Excluding net capital gains on marketable securities, operating income advanced 1.4%.

In 1987, CRÉDIT LYONNAIS achieved outstanding success in developing both its corporate and retail banking activities. The international banking network was expanded with the acquisition of Nederlandse Credietbank in the Netherlands. International capital markets capabilities were considerably strengthened with the purchase of Alexanders Laing and Cruickshank in London, the opening of a securities house in Tokyo, and most recently, the creation of an investment bank in New York.

With over 2,400 branches in France and about 800 offices worldwide, the CRÉDIT LYONNAIS Group offers the complete range of banking and financial services to retail, corporate, and institutional customers. Backed by its extensive capabilities and 125 years of experience, CRÉDIT LYONNAIS continues to grow, taking advantage of the wealth of opportunities offered by new technologies, the perspective of 1992, and the globalisation of capital markets.

For further information on CRÉDIT LYONNAIS, please write to:
 Group Communication Department, 19 boulevard des Capucins - 75002 Paris, France.

CL CREDIT LYONNAIS
LE POUVOIR DE DIRE OUI

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Issue activity subdued in all currency sectors

BY DOMINIQUE JACKSON

The Eurobond market spent yesterday transfixed by the US first-quarter gross national product figures with activity subdued in all currency sectors and syndicated deals remaining prudently on the sidelines as the figures failed to signal any fresh trends.

"It was deadlier quiet ahead of the announcement and barely any different afterwards as most people tried to read something deep into the figures," commented one market participant. The 2.3 per cent growth in first-quarter GNP was close to the median of a wide range of forecasts but the 2.4 per cent deflator, used to measure inflation, was below expectations and boosted the futures markets.

Although no new dollar-denominated bonds emerged, syndicate managers said some shorter-dated bonds might emerge. These include a reported \$250m to \$300m issue for Procter and Gamble with a maturity perhaps as short as one year.

Although the borrower is a top-rated credit and a popular name, syndicate managers were divided about the wisdom of the unusually short maturity. Rather than buy a bond, many investors would be inclined to put funds on deposit for a year, said one.

Many institutions who reduced US dollar commitments last year are now looking to increase these holdings but they are becoming increasingly selective.

However, for a select club of borrowers, chiefly sovereign and supra-national names, there is still good investor demand. This

was evidenced yesterday as Monday's issue for Electricite de France was increased to \$125m from an initial \$100m. Lead manager Banque Paribas Capital Markets said the deal was seeing widespread demand, in particular from institutional investors.

A buyout London equity market boosted activity in sterling convertibles. The market was buoyed by a wave of bid speculation following the announcement of the £2.1bn hostile bid by Nestle, the Swiss food giant, for

Rowntree, the UK confectioner. As Rowntree's share price soared by more than 20 per cent, the price of an existing Rowntree sterling convertible bond due 2002 was marked up to around 180 from levels of about 115 earlier this month. The size of the increase surprised some convertible specialists.

Activity in gilts was subdued but dealers said professionals had come in to support the market at the levels seen after last week's profit-taking. The market is expected to be lacklustre ahead of Friday's UK March trade report.

Some seasoned five-year Eurosterling issues attracted investor interest although most of last week's new issues are still languishing outside fees.

In the European sector, investors were sidelined by the twin deterrents of the upcoming Japanese "Golden Week" holiday and speculation on the terms of the May 10-year Japanese Government Bond issue which could be announced today.

The Ministry of Finance has announced that it will issue 71,000bn of bonds and that the tender terms at the moment are for a 4.8 per cent coupon and par issue price. Dealers said the terms were crucial in determining a clear sector benchmark.

Japanese securities houses have been at loggerheads lately in a struggle over a new benchmark with the market split between the No 10s and the most recent No 111. Yamachi International and Salomon Brothers joined the ranks of houses to issue series of call put warrants on various major JGB issues this week. The deals, usually tailor made for specific groups of Japanese investors, offer a novel hedging instrument against domestic investors. Sector specialists said the warrant packages were an attempt to introduce a speculative element into what is traditionally a conservative market.

Yamachi Securities launched a Yoda Daimyo bond for the African Development Bank. Daimyo bonds are yen deals issued in Tokyo for foreign borrowers but settled through Eurobond clearing agencies Euro-clear and Cedeal and widely traded here. Yamachi International said the 5% per cent 12-year deal at 100% was the longest ever Daimyo issue. It was bid at a discount of 1% against total 1% per cent fees.

Shearson Lehman Hutton reduced the amount of its convertible issue last week for US Cellular Communications to \$50m from \$75m. The coupon was set at 7% per cent and the conversion premium was 20.3 per cent.

In West Germany, prices of both domestic and Eurobonds were marked down by as much as 1/2 point in continuing lacklustre trade. The bearish undertone did not improve conditions for Monday's large DMM500m issue for Turkey which has suffered from adverse perceptions of the country's credit risk. The deal was quoted bid at a discount of 2% against total 2% per cent fees.

Swiss bond prices also eased marginally in low turnover. The only new issue was an unusual SFR100m 15-year floating-rate note for BIL Finance Cayman, guaranteed by parent Bank in Liechtenstein and led by Zurich Cantonal Bank. The coupon will be 1/2 point over six-month London interbank offered rate (Libor) for the first four years and 5 per cent thereafter.

Placer and BP units arrange gold loans

By Kenneth Gooding, Mining Correspondent

GOLD LOANS totalling about \$20,000 Troy ounces have been arranged to help finance two new mines.

Placer Pacific, the Australian offshoot of the Canadian Placer Dome group, will use its cash to help bring the Misima gold mine in Papua New Guinea into production.

The second loan will help finance construction of the Ridgeway gold mine in South Carolina. Credit is 82 per cent owned by BP Minerals, part of the UK group, and 48 per cent by Galactic Resources of Canada.

Placer said it has signed a 400,000 ounce gold credit facility which will give the option of drawing gold through a gold loan or to support gold warrants.

Repayments can be in gold or in US dollars. At current exchange rates the credit is worth US\$175 million. The company said the credit represents 400,000 ounces of gold if drawn over five years to support its gold warrants, but 200,000 ounces if used as a direct gold loan or US\$100m if all drawn that country.

Placer predicted that first-year output of the Misima mine will be more than 400,000 ounces of gold and 2.5m ounces of silver. Annual production thereafter is projected at more than 500,000 ounces of gold and 2m ounces of silver.

The total cost of bringing Misima into production is put at \$270m and the company will use funds from the gold credit - arranged through Chase Investment Bank and Citicorp - and ASB\$36m from a private placement of shares in July last year.

Financing of the Ridgeway mine has been completed through a US\$65m gold loan loan - involving about 120,000 ounces - negotiated with N.M. Rothschild and Mase Westpac. Ridgeway, which is expected to produce an annual 150,000 ounces of gold is scheduled to start into production late this year.

Repayment of the loan has been assured by letters of credit totalling US\$155m from a consortium of five financial institutions. The letters of credit will also back certain long-term contracts for the forward sale of gold.

Deborah Hargreaves on the Pandora's Box of off-exchange products Rule-making dilemma for CFTC

WHEN THE US Commodity Futures Trading Commission regulatory body launched itself into the debate surrounding off-exchange futures and options instruments last December, it lifted the lid off a Pandora's box of self-interest in this unwieldy market.

Bombarded by a mass of public comment in response to a proposed rule-making procedure for off-exchange products - which was released in December - the CFTC is now faced with a seemingly unbridgeable gap between off-exchange proponents, who consider it is being too tough on their instruments, and established exchanges which chastise the Commission for not being tough enough.

Over 500 pages of material had arrived at the CFTC by last week's closing date, containing comments ranging from the arranged to the merely critical, and highlighting the sensitive nature of this important market.

Even the CFTC admits it is groping in the dark for a way to regulate the rapidly growing over-the-counter futures and options market. Its first modest aim was to lay out criteria for excluding certain types of off-exchange products from its regulatory reach. However, it is going about this with so many provisos, the critics argue, that would render exclusion a complex and bureaucratic procedure.

"They are exploring an area where they are not certain of what to do," remarks Mr Richard Nathan, a lawyer, who was deputy general counsel to the CFTC until 1987. "Unfortunately, the release they put out was a little too definite in tone... and now they should back off."

Mr Nathan speaks for many market participants when he criticises the CFTC for stepping outside its jurisdictional reach - as laid down by the Commodity Exchange Act which set up the Commission in 1974.

The Commission's proposal suggests that certain hybrid instruments which have a futures or a commodity option element combined with other characteristics - be excluded from its regulation if the futures or options element is a minor feature. It further proposes to exclude hybrids that - for one reason or another - already come under the regulation of another agency, such as the Securities and Exchange Commission or the Federal Reserve Board.

Hybrid instruments are by far the fastest-growing area of the Commodity Exchange Act and what Congress's intention was in setting the agency up. The CFTC has relied upon a fairly broad interpretation of the Act, according to Mr Nathan, but just because the courts have interpreted in the market's favour, the Commission has the authority to exclude forward contracts from its oversight and urges a tougher stand in this area.

While the CFTC says it intends to simplify regulation of hybrids by excluding some of them from its oversight, it also wants to require purveyors of these products to apply for a specific exemption to its rules. To be granted one, they would have to prove that the product met a range of commission criteria.

The need to register a product with the CFTC has infuriated many players in the market, who believe it has no jurisdiction in this area in the first place and is

just muddying the waters with its proposals. The proposal is a "hindrance" to free markets, the critics cry, and in danger of "stifling" market creativity and pushing business offshore.

The US Treasury points out that the Commission's plan implies a prohibition of all hybrid instruments with a "commodity" element which are not specifically permitted or exempted by the CFTC. This has already generated considerable uncertainty in the market.

Most of the CFTC's critics want it to "back off" from its tough stance, including the Treasury, which argues that the Commission has not identified any public policy benefits that would be significant enough to offset the negative effects of its proposal. Indeed, in the arcane legal debate about the off-exchange market, it is easy to forget that the Commission's main concern is to protect the public from being exploited.

With this as its main aim, the CFTC also proposes to adopt a "no-action" clause for certain forward contracts taking place between commercial operations - a practice much favoured by the oil industry. And it is here that the CFTC has drawn fire from the established exchanges

which are so keen on its other proposals. The Chicago Board of Trade calls this proposal "legally flawed," believing it to be fertile ground for the sprouting of a variety of off-exchange abuses.

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Widespread unrest In the face of all this criticism, the CFTC acknowledges the complex nature of the off-exchange arena and says it is difficult to know where to draw the line in regulating such products. It is well aware of the widespread unrest in the market community about the legal nature of off-exchange business and has undertaken to digest the comments it has received and to come up with a subsequent rule-making draft as soon as possible.

The Commission due to be re-authorised by the US Congress next year - a process that involves reporting to the Congress and answering any questions raised - the CFTC is likely to want to be seen taking a stand on these issues. Since the SEC has been trying to encroach upon the CFTC's regulatory field in the wake of the stock market crash, the debate over off-exchange products could also get dragged into the turf battle between the two agencies.

Whatever happens, the off-exchange market is likely to continue to widen and to become even more complicated. Indeed, many market participants "are trying to make a living out of making the market more complicated," says one Chicago exchange official complains.

INTERNATIONAL BONDS

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for Bond, Issued, Offer, Bid, Ask, Yield, and Change on. Includes sections for US DOLLAR, STRAIGHTS, CONVERTIBLES, and SWISS FRANC.

Record foreign borrowings in Switzerland

BY JOHN WICKS IN ZURICH

FOREIGN BORROWINGS in Switzerland reached a record of SFR18.5bn in the first quarter of this year, the Swiss National Bank reported yesterday.

This sum, covering capital market transactions subject to National Bank approval, was 47 per cent up on the same period of 1987, largely due to a 45 per cent increase in foreign bond and note issues to SFR7.5bn.

The National Bank drew attention to a revival of equity-linked issues in February and March as a reflection of the recovery on stock markets, "particularly in Japan." However, continuing uncertainty about share prices meant that, almost invariably, they had a put option.

Japanese borrowers continued to dominate the foreign-borrowers' sector of the Swiss capital market, with a noticeable rise in convertible and warrant issues in the first quarter over the final quarter of last year. The volume was, however, still below that for the first quarter of 1987.

Some 84 per cent of all foreign borrowings, the remainder of which were accounted for by banks' export and finance loans, went to industrialised countries, as compared with an average of almost 90 per cent for all 1987.

The share of development organisations was 8 per cent and that of developing countries 5 per cent. The sharp rise in foreign issues was largely responsible for the overall growth of Swiss capital market transactions in the first quarter. These rose by 80 per cent over the corresponding 1987 period to SFR18.5bn. Bond issues by domestic borrowers were up 16 per cent over the year to SFR4bn, while domestic share issues of SFR300m were only about a quarter of the corresponding figure for last year.

However, the volume of redemptions on the market for both foreign and domestic borrowers) doubled compared with January-March 1987, so the net call on the market rose only 16 per cent to SFR13.2bn.

Boeing profits 15% ahead in first quarter

By Anatole Katsky in New York

BOEING, THE leading US manufacturer of aircraft, has reported net profits of \$128m or 89 cents a share in the first quarter of 1988, up by 15 per cent on the \$118m or 76 cents it earned in the same quarter of last year.

The gain was achieved in spite of a marginal decline in revenues to \$3.61bn from \$3.76bn in the first quarter of 1987.

Boeing said the higher earnings of the latest quarter were due partly to a decline in research and development expenditure, which the company charges directly to earnings. R&D spending was \$171m in the quarter compared with \$205m a year earlier.

The company said that its spending in the sector for the remainder of 1988 was expected to be below the levels of 1987.

Boeing noted that its order backlog was strong and that its family of commercial aircraft was "well positioned to satisfy worldwide airline requirements."

However, it also warned shareholders of a number of potential problems in both the immediate future and in the medium term.

The company said that deliveries of new technology 787s, as well as some 747 and 767 aircraft, would be delayed if labour disputes at the Snohomish aero engine facilities in France continued beyond mid-May.

It also warned that cuts in the US federal budget were causing significant pressures on defence and space spending.

Boeing profits 15% ahead in first quarter

Advertisement for Henlys Group Limited, Cope Allman International P.L.C., and Quoteplan PLC. Text includes: 'MORE RESULTS FROM A MULTINATIONAL LEADER IN M&A.', 'Henlys Group Limited has sold Cope Allman International P.L.C. to Quoteplan PLC.', 'The undersigned acted as financial advisor to Henlys Group Limited in this transaction.'

Advertisement for Shearson Lehman Hutton. Text includes: 'Our investment bankers bring clients the best of both worlds: a keen understanding of local conditions and the global resources of Shearson Lehman Hutton.', 'Our proficiency and leadership in international sales and divestitures, a result of our unique approach to maximizing value, is exemplified by our recent role in the divestment of Cope Allman International, which had significant businesses in the U.K., Europe, the U.S. and Canada.', 'This distinctive combination of local expertise and global resources has made us the decade's leader in M&A, worldwide. If it's results you're after, contact Bill Harrison or Michael Stallibrass in London at 01-601-0011.'

UK COMPANY NEWS

BET seeks over £200m for Argus

BY CLAY HARRIS

BET, the international services group, yesterday put its Argus Press magazine and newspaper publishing subsidiary up for auction. The disposal is expected to raise more than £200m.

Argus publishes business magazines in the UK and US as well as consumer magazines in the UK and local newspapers in and around London. The division made operating profits of £14m on turnover of £143m in the year to March 1987.

City analysts predicted lively competition between a number of domestic - and possibly non-UK - bidders for the publishing businesses which will be auctioned by Morgan Stanley International, UK-based subsidiary of the US investment bank.

BET said it would entertain offers for the entire group or for any of the four divisions, but not for individual titles.

Interest credit helps FR rise 32% to £22m

BY VANESSA HOULDER

A NEARLY tripled interest credit helped FR Group, maker of specialist equipment for the aircraft, energy and electronics industries, increase pre-tax profits by 32 per cent to £22.1m for 1987.

group were strong for the current year, he added. Spending on research and development, which increased by 25 per cent during 1987, was likely to increase at a rate of 20 per cent this year, said Mr Irwin.

one in related businesses, said Mr Irwin. Two were in the US, two in the UK and one on the Continent.

ever, the slowdown can be largely attributed to the major boost in R&D spending - a measure, to a large part, of the company's confidence in the future.

Dencora more than doubled at £4m

BY ANDREW HILL

Dencora, East Anglian property developer and investor, more than doubled pre-tax profits to £4.6m in the year to December 31, against £1.8m in 1986.

group plans to develop light industrial and high technology units. "We consider ourselves very fortunate to have bought it for that figure. We've already received higher offers for the site," said Mr Colin Holmes, joint managing director.

jumped to 15.2p in 1986 - before an 82m rights issue last June - earnings per share were 8.1p. Proceeds from the issue are being used to finance continued expansion and reduce bank borrowings.

Dencora's commercial property trading arm sold a 36,000 sq. ft. high technology development at Cambridge for £2.57m, and has three new schemes, ranging in size from 45,000 sq. ft. to 65,000 sq. ft., which will be traded this year.

Joseph Holt rises to £3.4m

Joseph Holt, Manchester-based brewer, raised pre-tax profits from £2.2m to £3.4m in 1987, on turnover of £11.5m, compared

with £10.5m. Earnings were 69.6p (73.96p) and a final 15p makes a total up from 18p to 20p.

Rental income increased to £3.7m last year. The company said this reflected continuing economic growth in East Anglia and the success of the group's light industrial estates.

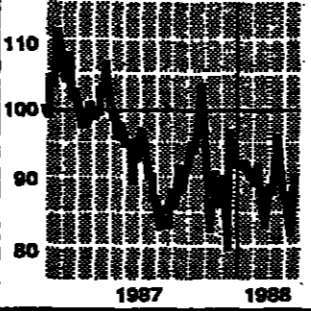
Dencora's shares rose 2p to close last night at 176p.

WCRS has 50% stake in French media buyer

By Clay Harris

WCRS Group, the advertising and communications company, is paying an initial FF688.7m (£64.4m) for a 50 per cent holding in SGGMD, the French-based group which is Europe's largest independent media buyer.

The deal, after lengthy negotiations which were disclosed seven weeks ago, will make WCRS one of Europe's largest



communications groups and a major international force in media planning and buying. For WCRS, formerly Wright Collins Butherford Scott, it also has the benefit of reducing exposure to the dollar.

SGGMD buys about 20 per cent of all advertising and magazine advertising in France, as well as a substantial share of press advertising and outdoor poster sites. In 1987, it achieved pre-tax profits of FF462m on turnover of FF7.5m, of which France accounted for nearly 80 per cent.

Mr Gilbert Gross, SGGMD chairman, said yesterday: "By 1994, the single European market date, it will all have happened as far as the media is concerned. The great changes and restructuring are happening now because of deregulation and new technology."

The corporate structure devised to hold SGGMD is intended to insure that key strategic decisions are not undertaken only with the agreement of WCRS and the French company's vendors. SGGMD will continue to have day-to-day management control of the business.

WCRS is to fund the initial cash payment through a 64m long-term bank facility arranged by Samuel Montagu and Banque Nationale de Paris, at an initial interest rate of 1 1/4 per cent points over Libor.

The complicated formula linked to profits up to June 30 1991, WCRS could end up paying as little as FF628.7m (£58.8m) or as much as FF923.8m (£86.3m) for the holding.

Cosalt growth continues to £1.3m half-way

The expansion shown by Cosalt in the latter part of 1986-87 continued into the first half of the current year, and it looks forward to producing "excellent results" over the 12 months.

In the 26 weeks ended February 28 1988 turnover moved up from £27.2m to £30.56m, while the pre-tax profit surged from £263,000 to £1.3m. After tax £299,000 (£125,000) earnings rose to 3.97p (4.06p), and the interim dividend is stepped up to 2.5p (1.5p).

The directors said reorganisation of the ship's chandlery business into two divisions (manufacturing and sales and distribution), was completed. Both were performing well.

For the year ended August 31 1987 the group had lifted its profit from £1.65m to £1.77m.

Earnings per share rose by 50 per cent from 2.16p to 4.10p. Mr Cedric Grew, managing director, said several acquisitions were lined up for this financial year, including some in new operating areas. In the longer term, he added, CI was looking for a major purchase to establish the company in the US.

Continuing buoyancy in the construction industry, which accounts for about 40 per cent of CI's business, contributed to a 14 per cent increase in group sales to £38.2m (£34.6m).

Tarmac rises 56% to £265m in construction's 'year of years'

BY FIONA THOMPSON

Tarmac, the UK's largest building materials and construction company, yesterday reported profits 56 per cent ahead at £265.4m for the year ended December 31 1987. The pre-tax advance from £170.5m was made on turnover 26 per cent up at £2.2bn (£1.74bn).

Last year "was the year of years for the construction industry," said Sir Eric Pountain, group chairman, and Tarmac was in the best shape he had seen it in his nine years with the company.

It was hard to find a historic parallel, he said. There was strong construction demand from the booming UK economy, "but we've never before seen this against a background of low inflation."

The present year had started very well, helped by the unusually good weather in the early months. There were no signs of house prices falling nor of a construction downturn in 1988 or 1989, he said.

Exchange rate movements shaved 55m off the pre-tax figure, but Sir Eric stressed that more than 80 per cent of turnover was from the UK, adding "we think that is the place to be."

All seven divisions reported strong growth and the after-tax profit of £173.1m (£111m) produced earnings per share of 23.5p.

Scottish Metropolitan Property, the highest property investment company in Scotland now building up a development portfolio, recorded a modest increase in first half earnings. Pre-tax profits for the six months to February 15 were £3.8m, compared with £3.72m in the corresponding period.

Higher rental revenue from its prime London investment portfolio was offset by greater finance charges as the group pursues a development programme built up from nothing to £100m over the last three years.

The market was unimpressed by the figures. The shares finished the day 1p down at 130p in a generally flat property sector.

Earnings per share were 2.6p, against 2.5p in the 1986-87 first half. Shareholders are receiving an interim dividend of 2p. The interim last year was 1.5p and asset value per share £28.2p.

UniChem seeks approval

UniChem, the co-operative of independent chemists fighting a 55m takeover bid from Macarthy, the healthcare group, yesterday dispatched to members notices of its annual general meeting on May 12, when the meeting will seek approval for its controversial share promotion scheme.

The scheme, introduced at the start of the year, entitles chemists to buy shares at a discount. UniChem is to fund the scheme through an event planned for 1990 - if they place extra spending with UniChem. Following complaints from rival wholesalers, the Department of Trade and Industry is looking at the scheme.

Relisting for West Trust

THE SHARES of West Trust, the tiny textile company which recently got into difficulty with its venture into financial services, returned to the stock market yesterday.

The old West Trust shares ended the day at 35p, the suspension price. The new shares rose by 2p to 33p during the day's trading.

West Trust, which under its former guise as Dura Mill once appeared in the Guinness Book of Records as Britain's smallest public company, has received an injection of capital from a rights issue and from a consortium of new investors. The consortium holds a 40 per cent stake in the company.

A 32 per cent increase on the 1986 figure of 17.8p. Housing made the largest contribution, clocking in profits of £102.8m (£81.6m) in conditions of widespread demand. The 20 local housebuilding subsidiaries completed 11,226 homes at an average price of £46,500 - almost 1,000 more than in 1986 when the average cost was £43,000.

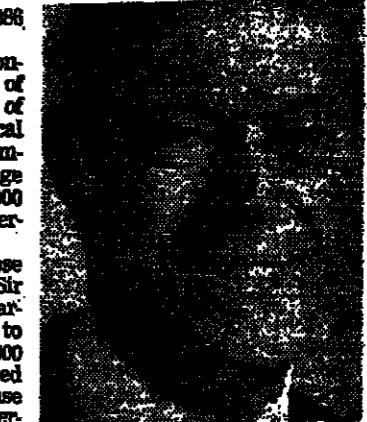
Margins on housebuilding rose to 18.1 per cent last year, said Sir Eric, up from 14.5 per cent. Tarmac's target in the next two to three years was to build 15,000 homes annually. He emphasised that only 30 per cent of house profits were earned in the over-heated south-east.

The quarry products division reported its first year in its new form, following the separation of building materials and Tarmac America into new divisions. The division recorded a 14 per cent rise in operating profit from £23.1m to £27.1m.

The construction division saw profits more than double by 52 per cent from £12.6m to £19.2m, from nearly 650 sites. The new building materials division enjoyed buoyant UK markets for its clay, concrete and natural stone products, producing profits up from £10.4m to £16.2m.

Strong demand for commercial and industrial building lifted the industrial products division's profits from £21m to £25.4m. The properties division saw profits rise 50 per cent to £8.2m (£5.4m). The Tarmac America division profits surged to £46.9m (£22m), including first-time contributions from Tarmac-LoneStar in Virginia and the Carolinas and of Massey in California. But the continuing economic difficulties in Texas dented recovery.

The tax charge was £92.3m, up from £38.5m. A final dividend of 5.25p was recommended, making a total for the year of 7.25p, an effective increase of 31 per cent allowing for a scrip issue. See Lex.



Sir Eric Pountain: Tarmac in best shape he had seen it

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Development policy holds back Scotnet growth rate

BY PAUL CHEESEBRIGHT, PROPERTY CORRESPONDENT

Scotnet is continuing to slim down its portfolio. There are likely to be sales of £10m in the current half. The proceeds are seen by Mr Gordon Milne, the managing director, as a cheap source of development funds which are being concentrated in a few developments, notably in Edinburgh and Dundee.

The development programme was spurred by a £30m debenture issue and financial facilities have been increased by a £50m sterling commercial paper programme, announced last December. Scotnet has £100m of untraded bank facilities.

"The present portfolio is cushioning the development activity," Mr Milne said. But the developments will only be clearly reflected in terms of earnings and asset value per share from 1989.

Ewart goes into cold storage

BY VANESSA HOULDER

Ewart, Belfast-based property group, yesterday announced a 56m all-shares acquisition of Ashley Milner, a Kent-based cold storage operator, together with a rights issue to raise £5.75m after expenses.

The move was described by Ewart as an excellent first step in its policy of expanding into the West Coast area, south of London and the South-east. In addition to substantial benefits from the rental cash flow from the cold storage and warehousing operation, there is considerable long-term development potential in parts of the West Coast area, said Ewart.

The cold storage operation, which is run by Ashley Milner's wholly owned subsidiary West Kent Cold Storage, is based on a 17-acre freehold site at Sevenoaks, Kent. This site, together with an adjacent 7.5-acre freehold site, which is at present unused, has been valued at £10.5m.

The proceeds from the rights issue, which is fully underwritten and in the form of a 1-for-1 offer at 125p per share, will be used to repay in full West Kent's bank loans, which are, at most, £5m. In view of the size of the proposed acquisition, the issue was suspended on Friday at 2.10p pending shareholders' approval at an extraordinary meeting.

The payment for Ashley Milner will take the form of 4.8m new ordinary shares at a price of 125p per share, which is the same price as the proposed rights issue and approximately the same price as the revised net asset value. Following a revaluation of Ewart's investment properties, the net asset value per share is calculated at 122p. Ewart forecasts pre-tax profits of £300,000 for the year to April 1988.

Confidence as Casket advances

Casket, the clothing manufacturing group which acquired Kingsley and Forester in December, reports pre-tax profits of £3.03m in the six months to end-1987, compared with a restated £2.4m.

After a quiet start to the current half, trading was improving. The directors were confident that the year's results would reflect the excellent progress made. Group turnover came to £82.2m (£80.2m). The interim dividend is increased to 1.2p (1p).

Development policy holds back Scotnet growth rate

Scotnet is continuing to slim down its portfolio. There are likely to be sales of £10m in the current half. The proceeds are seen by Mr Gordon Milne, the managing director, as a cheap source of development funds which are being concentrated in a few developments, notably in Edinburgh and Dundee.

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More purchases in line as CI reaches £3m

CI Group, Wolverhampton-based steel and engineering company which has acquired 10 operating subsidiaries in the last two years, more than doubled pre-tax profits to £3.01m for the year to January 31, against £1.5m for 1986-87.

Earnings per share rose by 50 per cent from 2.16p to 4.10p. Mr Cedric Grew, managing director, said several acquisitions were lined up for this financial year, including some in new operating areas. In the longer term, he added, CI was looking for a major purchase to establish the company in the US.

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When it comes to talking about £73.1m profit some figures speak for themselves.

CONSTRUCTION

£20.0M

UP 30%

PROPERTY

£27.1M

UP 31%

HOMES

£20.9M

UP 29%

TOTAL

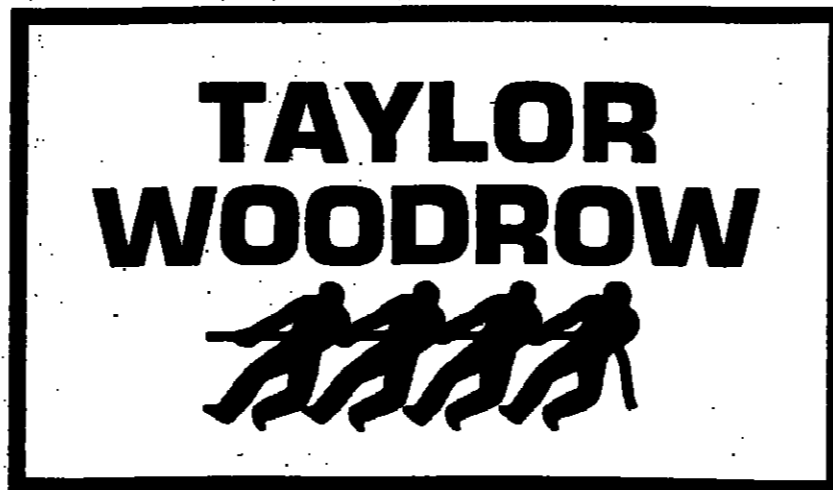
£73.1M

UP 27%



Taylor Woodrow teamworkers achieved new records in 1987 for the 27th consecutive year. Of £73.1m profit (1986 £57.6m) £20.0m came from Construction £27.1m from Property development and investment £20.9m from Homebuilding and £5.1m from Trading activities.

For not unsatisfactory profitability and performance the figures pulling as a team ensure the figures vital for future growth.



Pulling together for people, performance and profit.

UK COMPANY NEWS

Walker Greenbank surges to £11m

BY PHILIP COGGAN

Walker Greenbank, the fast-growing mini conglomerate, increased pre-tax profits by 42 per cent in the year to January 30, 1988. After merger accounting the various acquisitions made during the year, profits increased to £11.1m from the previous year's restated £7.8m.

Sir Anthony Jolliffe, the ex-Lord Mayor of London who is chairman, said the group was still on target to be a £200m turnover company by the end of 1988, as he forecast when he merged C & W Walker Holdings with Greenbank in 1986.

Walker Greenbank has diversified from its early base in engineering, and now two-thirds of its turnover and around three-quarters of its profits come from consumer-related industries. During

the year, it acquired Wallcoverings, an upmarket wallpaper designer and manufacturer, for £22m and Wilcomatic, an automatic car wash supplier, for £5.5m.

Sir Anthony said that further acquisitions were likely to be of the "bolt-on" variety. He had shelved his previous plans to make a purchase in the US. "We've enough on our plate in the UK," he said.

The star performer in the UK was Alkar, the supermarket shelving group, which increased profits from £1.1 to £2.7m. However, some companies failed to meet the group's 10 per cent net margin target and were sold. Among the disposals was Gantry Railing, the company which first brought together Sir Anthony

and his business partner, Mr John Pither.

There were also reorganisations of £1.5m resulting from the concentration of three operations at one site at Blackpool and acquisition costs of £600,000. These were taken as an extraordinary debit of £2.1m.

Operating profits were £11.7m (£7.8m) on turnover of £98.3m (£92m). After interest of £564,000 (£429,000) and tax of £3.59m (£2.55m), fully diluted earnings per share were 8.59p (5.26p). The directors are recommending a final dividend of 1.75p (1.5p), making a total of 2.26p (1.5p).

Comment
The crash came at a particularly awkward time for Walker Greenbank. The company had sprinted off in several different

directions without creating a clear image in the market's mind of where it was going. What has been built up so far is a motley collection of businesses - some with excellent growth prospects, some too small to make a significant impact in their markets. Sir Anthony Jolliffe has done his best to rationalise and reorganise those subsidiaries which were not up to scratch. His next acquisitions are likely to be quite small but there is enough growth within the group - from companies like Alkar, Wallcoverings and Wilcomatic - to push profits up to around £14m this year.

That puts the shares on a prospective P/E of about 11; high enough until the market rediscovers its enthusiasm for mini conglomerates.

Ward profits rise £1m to £4.3m

WITH all areas of activity contributing, the Ward Group of building components and structures manufacturers raised its turnover from £25m to £77m and pre-tax profits from £3.2m to £4.3m in 1987.

It was stressed that three new activities were still in a gestation period. They were Multibeam at Socometal in France, Modular Composite Panels at Ward Building Components, and Geometrica Partitioning at Ward Interiors.

The year saw Ward's entry into multi-rise structural steelwork, the introduction of tapered floor beams for designable commercial buildings, relocatable partition systems and a range of composite panels for roofs and walls of low-rise buildings.

Ward also acquired the Belgian company Chamuel - no costs have been taken to account. It broke even on turnover of £28.6m and will benefit this year from a major restructuring implemented over the last three years. This established Ward as the largest certain walling company in Europe.

Earnings per share came to 12.0p (10.3p) and the final dividend is 2.0p for a total of 4.3p. Had the group been listed for the whole of 1988 the dividend for that year would have been 3.7p.

SHT expands US housebuilding side

BY MICHAEL SMITH

Scottish Heritage Trust, industrial and property group with interests ranging including fire-works and oriental carpets, is strengthening its US housebuilding arm through the acquisition for up to \$15m (\$8m) of the Fox Ridge Group of Nashville.

The acquisition, funded by cash, will push SHT's gearing to above 30 per cent. The company said yesterday it had no intention of making either a rights issue or a vendor placing in the near future.

Fox Ridge will become SHT's second wholly-owned subsidiary, complementing Haven Homes, Pennsylvania manufacturer of

fabricated houses. SHT also has a 31 per cent stake in North American Housing Corporation, Maryland fabricated homes maker, and a 6 per cent of Washington Homes, another housebuilder.

Fox Ridge had sales of \$22m last year, compared with Haven Homes' \$25m. Pre-tax profits were \$3.13m.

Most of the 430 units it is likely to build this year will be starter homes. Sales are projected to rise to \$25m.

SHT said it is likely to sell its stake in Washington Homes soon to an American company which is making a bid for all its shares.

Camotech rises sharply

Camotech, maker of automotive components, plastics and aircraft seats, achieved strong growth in all areas with pre-tax profits up from £132,000 to £383,000 for the half year to February 28, 1988.

Turnover more than tripled to £9.93m (£3m). Earnings per share were 9p (1.1p) and the interim dividend 1p (0.56p). Last September the company moved from the

USM down to the Third Market in order to buy aircraft seat maker Fort III Aircraft.

The directors said they believed that strong progress would be maintained in the second six months and predicted a satisfactory outcome for the full year. Last year's pre-tax profit was £283,000. Tax took £188,000 (£36,000).

Triefus profits rise 11%

Triefus, diamond trader and tool-maker, increased pre-tax profit by 11 per cent from £1.26m to £1.42m on turnover up from £24.5m to £26.7m for the year to December 31, 1987.

A final dividend of 2.5p has been recommended making a total of 3p (adjusted 0.5p). Trading results of overseas subsidiaries have been translated into sterling at average rates for the year instead of rates ruling at year end, and this resulted in a profit reduction of £88,000 before tax.

Taxation took £437,000 (£455,000). Extraordinary credit was £70,000 (£136,000) and earnings per share came in at 7.32p (5.7p adjusted).

Beckenham Group, Kent-based third market company which specialises in ducting in high-rise buildings, announced a rights issue to raise £4m to finance internal expansion and new acquisitions.

Scott & Robertson exceeds forecast

Scott & Robertson was expecting pre-tax profits of at least £1.5m for 1987 and this has been beaten with £1.62m, compared with £1.68m restated for 1986.

The first half figures of this manufacturer of packaging products and fabrics were held back by increases in the price of polythene polymer.

Turnover in the latest period rose 25 per cent from £22.6m to £28.4m, but the operating profit fell from £2.31m to £2.06m.

After tax of £267,000 (£255,000) and an extraordinary credit of £113,000 (nil) earnings per share rose to 15.93p (15.57p).

The 1986 comparisons are restated to incorporate the acquisition of PLC Packaging (UK).

The accounts of Foam Pans have been consolidated on an equity basis to reflect the company's 50 per cent interest.

Gas payments mainly on time

By Steven Butler

British Gas shareholders appear largely to have headed off the third and final instalment on their shares, due by April 19. The Department of Energy said that more than 85 per cent of payments had been counted, and that the backlog was expected to be cleared by the week's end. Payments were still arriving, and there were no plans to refuse the money. Non-payers or late-payers could lose entitlements to their shares.

Organic growth doubles Plumb to £1.84m

BY PATRICK DANIEL

Plumb Holdings, the USM-quoted interior contracting and furnishing group, doubled both pre-tax profits and earnings per share in the year to January 30, 1988.

Profit before tax rose to £1.84m (£0.85m) largely from organic growth, while earnings per share were up from 7.3p to 14.5p.

Turnover increased 81 per cent to £68m (£27m). Two-thirds came from the core company, Plumb Contracts, contractor for hotel interiors and shopfitting.

The recommended final dividend of 3p makes a total for the year of 4.26p (3p). Plumb's share price rose 15p yesterday to close at 226p.

The Coventry-based group posted only 20 per cent of its equity when it joined the USM in November 1986. Most of the remainder is held by four directors who, five years ago, staged a £1.25m management buyout from the Owen Owen department store chain.

The group, now capitalised at more than £30m, has grown quickly into a one-stop operation, offering everything from decorative plaster mouldings to design and contract management for large projects.

Four new companies were formed last year, including Plumb Designer Homes to meet the rising demand for more "individually-styled" houses. Mr Rick Crossman, managing director, said the group was not

out to make speculative gains from its "designer homes" but to capitalise on its skills in interior finishing.

In December, Plumb paid £350,000 for a 65 per cent stake in one of West Germany's largest shopfitters, Osto Landenban of Stuttgart, from receivers. The now-revived West German company is expected to have a turnover of £12m this year and Plumb is looking to achieve 40 per cent growth for 1988.

COMPANY NEWS IN BRIEF

ALLIED RESTAURANTS is buying a site in Dalston from United Biscuits UK where Allied will open its 20th Wimpy restaurant - service restaurant. The restaurant will begin trading before Christmas.

ALUMASC GROUP has sold Ingersoll Locks for £2m, including repayment of inter-company loans, to Yale and Valor. The sale is part of Alumasc's policy to concentrate on mainstream activities.

AMBRETT INTERNATIONAL, USM-quoted oil and gas exploration group, reduced its pre-tax loss to £427,544 in 1987, compared with £1.4m in 1986. Loss per share was 1.5p (5.5p).

ASDA PROPERTY has contracted to acquire for £4m cash the head leasehold interest in 69 Snow Hill, London, from the Church Commissioners. Current net income is nearly £229,000 annually, and is expected to rise substantially on review in 1988.

BANRO INDUSTRIES rights issue was taken up by shareholders representing 2.44m shares (66.6 per cent). Balance sold in market at 167.5p per share.

HENRY BARRETT Group has acquired Western Tubular Structures, maker of steel framed buildings for £1.1m satisfied by £800,000 cash and the balance in shares. For year ended April 30 1987 Westbury made pre-tax profits of £179,000 on turnover of £3.07m. Net assets at the end of the period were £765,000.

BUCKLEY'S BREWERY has acquired Henson and Twitchett, an electrical sub-contractor, for £2.5m. The company asked for its shares to be suspended. At the suspension price of 27½p, the company is capitalised at £8.5m.

EQUITY & LAW International Funds: net income before equalisation in half-year to December 31 1987 was £70,897 (£51,542). Investment income was £51,641 (£28,074) and there was bank interest of £18,157 (£23,038). General expenses rose from £16,797 to £28,702.

FAIRBRAIR, the residential and commercial property developer, has purchased sites worth £7m.

JAMES FINLAY CORPORATION, the financial services arm of the Glasgow-based conglomerate James Finlay, has changed its name to James Finlay Bank.

FIVE OAKS Investments raised pre-tax profits by 46 per cent to £208,311 (£142,826) in the six months to December 31 1987. Fully diluted earnings per share were 2.46p (1.66p). A full year dividend of not less than the previous year's is forecast.

HARLEYN MILLING proposed early repayment of the £18,838 nominal 5 per cent debenture

stock 1987-87 at 290 per cent. Subsidiary of J. Bibby.

LILLESFALL has acquired the UPVC and aluminium window business assets of the Ideal Williams division of McKechie. Consideration, which will be determined following the valuation of stock and work-in-progress at April 22, 1988, expected to be around £875,000. Of this, £423,728 in cash paid on completion and balance will be paid within three months.

LOGICA rights issue was taken up by shareholders representing 10,522m shares (95.7 per cent). The remaining 478,969 shares have been sold in the market.

LORDS ALBERTIN Ventures Trust reported a fall from 86.9p to 66.3p in net asset value per 20p share in the year to March 31 1988. There is also a reduction in the total dividend, which is 0.46p (0.73p). Revenue before tax was £581,000 (£1.53m) and earnings per share 0.26p (0.41p).

LOWLAND INVESTMENT Company reported net asset value of 168.7p at per on March 31 1988 against 193.8p a year earlier or 168p (193.8p) at market value. Earnings per share paid on completion of three estate agents.

ORCHID TECHNOLOGY: sales fell from £11.18m to £7.02m in the nine months ended March 31 1988. Operating net income before tax rose from £30,000 to £408,000. The USM quoted company plans to introduce this quarter a new product line in personal computers.

PRUDENTIAL Property Services has expanded its presence in the West Midlands through the acquisition of three estate agents. They are Leavelle, Barry J Morris and Nigel Clements.

RECORD HOLDINGS chairman Mr Michael Mallett told annual meeting that sales in first quarter were comfortably ahead. Interim figures "should be disappointing".

RIVER & MERCANTILE General Capital and Income Trust 1988 reported net asset value per preferred capital share of 26.05p at March 31 against 26.77p a year earlier. Per ordinary income share the figure was 58.04p (58.94p). Earnings per 50p income

BDA over £1m

BDA Holdings, property developer, increased its pre-tax profit from £971,000 to £1.06m in the year ended January 31 1988. Earnings came to 3.4p (9.3p). The final dividend is 1.5p for a 2.9p total.


Public Works Loan Board rates

Years	Effective April 25			Non-quota loans A* repaid		
	by EIP†	Att	margin‡	by EIP†	Att	margin‡
Over 1 up to 2	8%	8%	8%	9%	9%	9%
Over 2 up to 3	8%	8%	8%	9%	9%	9%
Over 3 up to 4	8%	8%	8%	9%	9%	9%
Over 4 up to 5	8%	9%	9%	10%	10%	10%
Over 5 up to 6	9%	9%	9%	10%	10%	10%
Over 6 up to 7	9%	9%	9%	10%	10%	10%
Over 7 up to 8	9%	9%	9%	10%	10%	10%
Over 8 up to 9	9%	9%	9%	10%	10%	10%
Over 9 up to 10	9%	9%	9%	10%	10%	10%
Over 10 up to 15	9%	9%	9%	10%	10%	10%
Over 15 up to 25	9%	9%	9%	10%	10%	10%
Over 25	9%	9%	9%	10%	10%	10%

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange. It does not constitute an invitation to the public to subscribe for or to purchase any securities.

Application has been made to the Council of the Stock Exchange for the grant of permission to deal in the whole of the issued share capital of Kitty Little Group plc in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. Dealings are expected to commence on 3rd May 1988.



Kitty Little Group plc
(Incorporated in England under the Companies Acts 1965 - No. 2158452)

SHARE CAPITAL

Authorised	Issued and now being issued fully paid
£600,000	£472,222

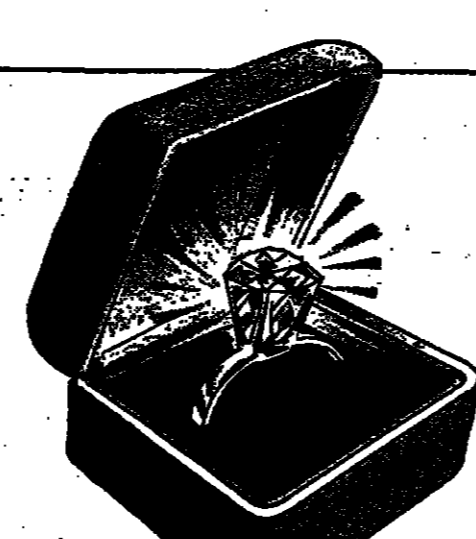
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The Group designs, manufactures and markets practical, decorative room fresheners and fragrant gift products.

Particulars relating to the Company are available in the Extel Unlisted Securities Market Service and copies of such particulars may be obtained during normal business hours on any weekday (Public Holidays and Saturdays excepted) up to and including 11th May 1988 from:

Laurence Prust & Co. Ltd. Basildon House, 7-11 Moorgate, London EC2R 6AH	Foster & Braithwaite Limited, 22 Austin Friars, London EC2N 2LA
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27th April 1988



RATNERS

ANOTHER SPARKLING YEAR

Pre-tax profits up 152% to £52.7m.
EPS up 44% to 21.7p.
Turnover up 128% to £360.2m.

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PROFIT BEFORE TAX

COMMODITIES AND AGRICULTURE

Judgment due in appeals on Tin Council collapse

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JUDGMENT is to be given today on the first round of appeals in litigation resulting from the collapse into insolvency of the International Tin Council (ITC) with debts of about \$900m.

Quantities of coal traded worldwide set record last year while EC imports fell

BY MAURICE SAMUELSON

A RECORD amount of coal was traded internationally last year but European Community imports fell because of low electricity growth rates and higher output by nuclear-power stations, says New York-based Chase Manhattan Bank.

Table with 2 columns: Year (1986, 1987) and Coal exports (in tonnes) for various countries including US, Australia, S. Africa, Canada, Colombia, W. Germany, UK, Poland, USSR, China, Others, Total, and Seaborne.

The amount of coking-coal imported by world steelmaking countries rose by 3m tonnes, to about 184.4m tonnes. Steam-coal imports, mainly for power-stations, rose by 0.5 per cent, to 178.5m tonnes.

Zinc price rises to its highest for 13 1/2 years

By Kenneth Gooding, Mining Correspondent

THE PRICE of zinc rose to \$1,081 a tonne in early trading on the London Metal Exchange yesterday, the highest level for 13 1/2 years, but analysts suggested it might climb a little higher in view of the current tightness of supply.

Following the market trend, the European producer price of zinc has settled this week at \$1,059 a tonne, having risen by \$20 or more than 25 per cent in the past five months.

Manager of rubber stock expects disposal to affect surging prices in coming weeks

BY WONG SULONG IN KUALA LUMPUR

THE INTERNATIONAL Natural Rubber Organisation (INRO) expects its massive disposal programme to have an impact on prices in the coming weeks.

Scepticism over cocoa mission

BY WONG SULONG

THE INTERNATIONAL Cocoa Organisation's mission, now in Malaysia, is unlikely to succeed in persuading Malaysia and Indonesia to join it in view of the opposition in the countries, diplomats in Kuala Lumpur said yesterday.

A TOP United Nations official yesterday welcomed international moves towards cooperation on trade in sugar, copper and tin, but regretted that there were problems over records on rubber and cocoa.

Farmers in protest over Chernobyl

By Bridget Bloom

THE HOUSE OF Commons Select Committee on Agriculture opened an enquiry yesterday into the British Government's handling of the after-effects of the Chernobyl nuclear accident.

meets to convene negotiating conference on tin and copper. At a meeting under UNCTAD auspices here earlier this month delegates from 30 countries agreed to hold talks later this year about setting up an international study group on tin.

Manager of rubber stock expects disposal to affect surging prices in coming weeks

meeting Malaysian cocoa officials, led by Datuk Wong Yoke Meng, the primary industries secretary-general on Thursday in Kuala Lumpur.

in south-east Asia is coming to an end. Mr Stiebel, who leaves on Saturday after seven years with Inro, said the rubber agreement is the most successful commodity agreement today.

Manager of rubber stock expects disposal to affect surging prices in coming weeks

These were few early indications of what action the Cocoa Producers Alliance (COPA) might take. One suggestion is to increase chocolate consumption in Africa, where little is eaten, or to take unspecified measures to reduce production.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets). ANTIMONY: European free market 98.6 per cent, \$ per tonne, in warehouse, 2,250-2,300 (2,280-2,300).

Norway to seek approval on oil

NORWAY'S Oil Ministry said yesterday that it would seek approval this year from the country's Parliament to develop oil fields in the Haltenbanken basin off central Norway, thereby effectively abandoning a ceiling placed on offshore investments.

Opec seeks production cuts from non-member nations

BY RICHARD JOHNS IN VIENNA

THE ORGANISATION OF Petroleum Exporting Countries (Opec) is looking to non-member producers to offer cuts in output before making any proposals of its own aimed at restoring prices to \$18 per barrel.

US Markets

The precious metals opened firm, but on release of the U.S. GNP figure, trade and local selling touched-off light spots to ease prices, reports Drexel Burnham Lambert.

Chicago

SOYBEANS 5,000 bu min; cents/bushel. Close Previous High/Low. May 87.74 88.00 87.00 89.00.

LONDON MARKETS

Nickel yesterday held on to most of the substantial gains it made on the London Metal Exchange on Monday when the cash price rose by \$2,450 to \$29,500. The price for metal for delivery in three months, which rose by \$200 to \$15,400 on Monday, slipped back by only \$25 yesterday.

Table of COCOA, COPPER, RUBBER, and other commodity prices with columns for Close, Previous, High/Low.

Table of LONDON METAL EXCHANGE prices for various metals like Aluminium, Cash, 3 months, 6 months, 12 months.

Table of SOYBEAN MEAL, POTATOES, and other commodity prices with columns for Close, Previous, High/Low.

Table of US MARKETS prices for Gold, Silver, Platinum, Palladium, and other metals.

Table of NEW YORK prices for Gold, Silver, and other commodities.

Table of CHICAGO prices for Soybeans, Soybean Meal, and other agricultural products.

INTERNATIONAL RESIDENTIAL PROPERTY advertisement with contact information for Clive Booth.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Confusion follows GNP data

THE DOLLAR rose in late European trading to finish little changed, after a period of some volatility on publication of first quarter US Gross National Product data.

The up and down movements in the dollar were not enough to move the currency out of its recent range, but indicated the mood of uncertainty in the market.

A rise of 2.3 p.c. in first quarter growth, compared with 4.8 p.c. in the fourth quarter of 1987, was in line with the general range of forecasts.

A gain of 2.4 p.c. in the implicit price deflator - a guide to US inflation - compared with 2.7 p.c. in the fourth quarter, was a little below expectations, but the dollar began to weaken on further analysis of the data.

Mr Rupert Thompson, economist at Morgan Grenfell, said the breakdown showed rather higher inflation and a slightly stronger economy than the headline figures suggest.

The main fear in the market was that a sharp rise of 3.8 p.c. or 83.6bn, in first quarter real personal consumption will prove inflationary and bad for the US trade position.

This caused a set back for the dollar, but it recovered to close around the highest level of the day against the D-Mark and yen, although still slightly lower on the day.

The dollar fell to DML8750 from DML8775; to Y124.75 from Y124.80; and to SF1.8665 from SF1.8675.

The D-Mark closed little changed at 222.16, compared with 222.15 on the previous day.

The yen strengthened against the dollar in 1987/88 in trading, but trading was very quiet ahead of publication of the US GNP figures. The dollar moved in a narrow range, closing at Y124.55, compared with Y125.00 on Monday.

STERLING SPOT - FORWARD AGAINST THE POUND

Table with columns: Date, Spot, Forward, % change, % change against base, % change against base.

STERLING INDEX

Table with columns: Date, Index, % change, % change against base.

CURRENCY RATES

Table with columns: Currency, Rate, % change, % change against base.

CURRENCY MOVEMENTS

Table with columns: Currency, Rate, % change, % change against base.

OTHER CURRENCIES

Table with columns: Currency, Rate, % change, % change against base.

MONEY MARKETS

London rates easier

THERE WAS a slight easing of interest rates on the London money market yesterday.

Three-month interbank fell to 8 1/4 p.c. from 8 1/2 p.c. p.c. in nervous trading, ahead of Friday's release of the GNP data.

Sterling had a soft tone against the D-Mark, but this attracted little attention. Dealers noted that the present level of the June short sterling contract on Liffe discounts a rise of 1/4 p.c. to 8 1/4 p.c. in UK bank base rates, and that there was selling of the contract in late trading.

Day-to-day credit conditions on the money market were more comfortable than of late. The Bank of England initially forecast a money market shortage of £150m, but revised this to £250m at noon. Total help of £270m was provided.

Before lunch the authorities bought £270m bills outright, by way of £20m Treasury bills in band 3 at 7 1/2 p.c., and £250m bank bills in band 4 at 7 1/2 p.c. No further assistance was provided in the afternoon.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £667m. This out-

weighed Erbequer transactions adding \$490m to liquidity, and a fall in the note circulation of \$40m.

In Frankfurt credit conditions continued to tighten. Call money rose to 3.50 p.c. from 3.25 p.c., as banks bid for funds to meet reserve requirements at the Bundesbank.

Commercial bank holdings at the central bank remained low on Friday, at DM44.6bn, compared with DM44.4bn on Thursday. The average of DM54.4bn for the first 24 days of April was above the official requirement of DM53.2bn for the whole month, and in general banks are not expected to have serious problems meeting the target.

No early change in the Bundesbank's key interest rates is expected, in spite of the 7.6 p.c. rise in M3 March money supply, which is above the official target for the year of 3 p.c. to 6 p.c.

In Copenhagen interest were firmer, ahead of the general election on May 10. Copenhagen Handelsbank announced that loans on business credits would rise by 1/4 p.c., and on private loans by 1/2 p.c. Interest on a typical business credit is now 10 1/4 p.c., and on a private loan 12 1/4 p.c. and 15 1/4 p.c.

Six major domestic banks have raised interest rates ahead of the election, but the central bank has not changed its credit policy.

FT LONDON INTERBANK FIXING

Table with columns: Term, Rate, % change, % change against base.

MONEY RATES

Table with columns: Term, Rate, % change, % change against base.

LONDON MONEY RATES

Table with columns: Term, Rate, % change, % change against base.

FINANCIAL FUTURES

Gilts and bonds rise

TRADEBS ON Liffe voiced some hope that sterling interest rate contracts have found a short term base. The main point of optimism centred on the fact that the low for both long gilts and short sterling contracts was slightly above the lowest point touched on Monday.

US Treasury bond futures rose on a lower than expected implicit price deflator - a guide to the level of inflation - published as part of the first quarter US GNP data.

June US bonds opened at 89-17 1/2, compared with 89-18 1/2 on Monday.

This was a reaction to the deflator figure, but there was some concern about the high level of consumption during the first quarter.

Dealers suggested this should not cause too much concern, because the figures are historic, and there is no indication that spending continues to roar ahead.

On the other hand it was pointed out that consumption was higher than before the stock exchange crash last October.

In the US, confusion over the implication of the figures kept investors out of the market, amid general uncertainty about whether there will be any change in the Federal Reserve's credit policies.

Volume in long gilt futures on Liffe fell back to around 25,000, from over 32,000 on Monday. Dealers said that a bounce in the price of the contract, after two days of sharp decline, was no surprise, but that the level of recovery was rather disappointing.

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Volume in long gilt futures on Liffe fell back to around 25,000, from over 32,000 on Monday. Dealers said that a bounce in the price of the contract, after two days of sharp decline, was no surprise, but that the level of recovery was rather disappointing.

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WestLB Fixed Income and Equities Trading - for dealing prices call: Dusseldorf, London, Luxembourg, Hong Kong. One of the leading Marketmakers WestLB Westdeutsche Landesbank

Company Notices THE SEAGRAM COMPANY LTD. Warrants to Purchase Common Shares. JOSEPH E. SEAGRAM & SONS, INC. Warrants to Purchase U.S. \$125,000,000 12 1/4% Guaranteed Bonds due 1994

FT 30 Apr. 1422/1434 +11 FISE 100 Apr. 1791/1803 +14 WALL STREET Jun. 1422/1440 +12 Jun. 1791/1810 +15 May 2042/2056 +19 Jun 2046/2060 +20 Prices taken at 5pm and change is from previous close at 9pm

WE BELIEVE THE MORE LIQUID THE MARKET, THE MORE SOLID THE OPPORTUNITY. Liquidity creates opportunity. Opportunity to find your price, if you're buying. Opportunity to get your price, if you're selling. Liquidity is the opportunity to reduce your risk, to get in and out of your position quickly. At the Chicago Board of Trade, our unsurpassed liquidity means solid opportunity. Our floors are filled with the most highly capitalized local traders in the world. A multitude of buyers and sellers who bring aggressive competition to the trading in our open outcry auction market system. And the liquidity that results creates the fairest price for the customer. The CBOT open outcry auction market system. The best liquidity. The best opportunity. The best price. We believe in it. Chicago Board of Trade The exchange to believe in.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, May 88, Jun 88, Jul 88, Aug 88, Sep 88, Oct 88, Nov 88, Dec 88. Includes sub-sections for May 88, Jun 88, Jul 88, and Aug 88.

TOTAL VOLUME IN CONTRACTS: 19,309

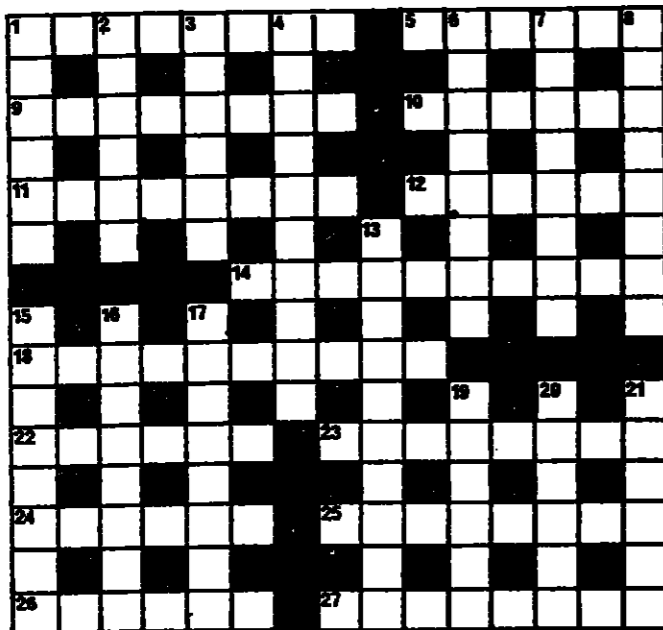
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

Table listing various banks and their base lending rates for different currencies and terms.

JOTTER PAD

FT CROSSWORD No.6,616 SET BY TANTALUS



- ACROSS
1 Journalist about to graduate (6)
5 Tallman given by drinker north of the border? (6)
9 Explosive may end it (6)
10 Disc jockey in Northern Ireland sees Muslim spirit (6)
11 Is mother after cleaner with personality? (8)
12 View new space by the junction (6)
14 Wild beast for example let this creature appear (4,5)
18 Runs on this at the Oval? (10)
22 Mean to be at home and nurse (6)
23 In a word a maze (8)
24 A heavy stick is a rampart (6)
25 Seeing Indonesian port, man becomes industrious (8)
26 High 4 (6)
27 A French course points to having suffered no defeat (8)
DOWN
1 Initially, regular trained cadet to compose (6)
2 Writer volunteers on 1st December for five years (6)
3 Stay with engineers on German river (6)
4 A time is not arranged for judgment (10)
6 He may be average in marine insurance (6)
7 Satisfied with second list of chapters in a book (6)
8 An 'it' -- rank and follow me (8)
13 One great gone mad showing hostility (10)
15 Each end (6)
16 Make fresh start after study -- what a difference! (6)
17 Intervening period when I meet man unexpectedly (6)
18 Noisier inlets at sea (6)
21 Requisition concerning Greek tank (6)
Solution to Puzzle No.6,615
STACCATO SHREDS
T B A R E S E
A R R E S T E D N I T E R
R A T A A G O R
R E D D R E S S E R H E N N A Y
F E L L O W I N T E R D
P S Y C H I C I A N
A R T I S T S A P S E
R A U M U G S
T U N E R O A S T H O U S E
I D G E T O S N
S P I N E T D E P A R T E D
A N N R R O O
N I G H T S L E A D S M E N

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Includes sub-sections for various trust categories.

FT UNIT TRUST INFORMATION SERVICE

Handwritten text at the bottom of the page, possibly a signature or note.

Financial Times

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

Table of London Share Service listing various share funds, categorized by performance periods (e.g., 1988, 1987, 1986).

Table of Money Market Trust Funds listing various money market funds, their managers, and performance metrics.

UNIT TRUST NOTES
Prices are shown against the value of the unit at the time of the issue. The value of the unit at the time of the issue is shown in the column headed 'Unit Price'.

LONDON SHARE SERVICE

AMERICANS - Contd

Stock	Price	Change
AT&T	172.50	+0.50
Boeing	105.00	+0.50
IBM	115.00	+0.50
Intel	125.00	+0.50
Microsoft	145.00	+0.50
Oracle	155.00	+0.50
Qatar	165.00	+0.50
Rockwell	175.00	+0.50
Spacelink	185.00	+0.50
Telex	195.00	+0.50
Unisys	205.00	+0.50
WorldCom	215.00	+0.50
WorldView	225.00	+0.50
WorldWide	235.00	+0.50
WorldWide	245.00	+0.50
WorldWide	255.00	+0.50
WorldWide	265.00	+0.50
WorldWide	275.00	+0.50
WorldWide	285.00	+0.50
WorldWide	295.00	+0.50
WorldWide	305.00	+0.50
WorldWide	315.00	+0.50
WorldWide	325.00	+0.50
WorldWide	335.00	+0.50
WorldWide	345.00	+0.50
WorldWide	355.00	+0.50
WorldWide	365.00	+0.50
WorldWide	375.00	+0.50
WorldWide	385.00	+0.50
WorldWide	395.00	+0.50
WorldWide	405.00	+0.50
WorldWide	415.00	+0.50
WorldWide	425.00	+0.50
WorldWide	435.00	+0.50
WorldWide	445.00	+0.50
WorldWide	455.00	+0.50
WorldWide	465.00	+0.50
WorldWide	475.00	+0.50
WorldWide	485.00	+0.50
WorldWide	495.00	+0.50
WorldWide	505.00	+0.50
WorldWide	515.00	+0.50
WorldWide	525.00	+0.50
WorldWide	535.00	+0.50
WorldWide	545.00	+0.50
WorldWide	555.00	+0.50
WorldWide	565.00	+0.50
WorldWide	575.00	+0.50
WorldWide	585.00	+0.50
WorldWide	595.00	+0.50
WorldWide	605.00	+0.50
WorldWide	615.00	+0.50
WorldWide	625.00	+0.50
WorldWide	635.00	+0.50
WorldWide	645.00	+0.50
WorldWide	655.00	+0.50
WorldWide	665.00	+0.50
WorldWide	675.00	+0.50
WorldWide	685.00	+0.50
WorldWide	695.00	+0.50
WorldWide	705.00	+0.50
WorldWide	715.00	+0.50
WorldWide	725.00	+0.50
WorldWide	735.00	+0.50
WorldWide	745.00	+0.50
WorldWide	755.00	+0.50
WorldWide	765.00	+0.50
WorldWide	775.00	+0.50
WorldWide	785.00	+0.50
WorldWide	795.00	+0.50
WorldWide	805.00	+0.50
WorldWide	815.00	+0.50
WorldWide	825.00	+0.50
WorldWide	835.00	+0.50
WorldWide	845.00	+0.50
WorldWide	855.00	+0.50
WorldWide	865.00	+0.50
WorldWide	875.00	+0.50
WorldWide	885.00	+0.50
WorldWide	895.00	+0.50
WorldWide	905.00	+0.50
WorldWide	915.00	+0.50
WorldWide	925.00	+0.50
WorldWide	935.00	+0.50
WorldWide	945.00	+0.50
WorldWide	955.00	+0.50
WorldWide	965.00	+0.50
WorldWide	975.00	+0.50
WorldWide	985.00	+0.50
WorldWide	995.00	+0.50
WorldWide	1005.00	+0.50

CANADIANS

Stock	Price	Change
Alcan	10.50	+0.05
Bell	11.50	+0.05
Imperial Oil	12.50	+0.05
Inco	13.50	+0.05
Noranda	14.50	+0.05
Papier	15.50	+0.05
Placer	16.50	+0.05
Quebec	17.50	+0.05
Shaw	18.50	+0.05
Stelco	19.50	+0.05
Telus	20.50	+0.05
Westbank	21.50	+0.05
Westcoast	22.50	+0.05
Westwood	23.50	+0.05
Woodward	24.50	+0.05
Woodward	25.50	+0.05
Woodward	26.50	+0.05
Woodward	27.50	+0.05
Woodward	28.50	+0.05
Woodward	29.50	+0.05
Woodward	30.50	+0.05
Woodward	31.50	+0.05
Woodward	32.50	+0.05
Woodward	33.50	+0.05
Woodward	34.50	+0.05
Woodward	35.50	+0.05
Woodward	36.50	+0.05
Woodward	37.50	+0.05
Woodward	38.50	+0.05
Woodward	39.50	+0.05
Woodward	40.50	+0.05
Woodward	41.50	+0.05
Woodward	42.50	+0.05
Woodward	43.50	+0.05
Woodward	44.50	+0.05
Woodward	45.50	+0.05
Woodward	46.50	+0.05
Woodward	47.50	+0.05
Woodward	48.50	+0.05
Woodward	49.50	+0.05
Woodward	50.50	+0.05
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Woodward	67.50	+0.05
Woodward	68.50	+0.05
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Woodward	70.50	+0.05
Woodward	71.50	+0.05
Woodward	72.50	+0.05
Woodward	73.50	+0.05
Woodward	74.50	+0.05
Woodward	75.50	+0.05
Woodward	76.50	+0.05
Woodward	77.50	+0.05
Woodward	78.50	+0.05
Woodward	79.50	+0.05
Woodward	80.50	+0.05
Woodward	81.50	+0.05
Woodward	82.50	+0.05
Woodward	83.50	+0.05
Woodward	84.50	+0.05
Woodward	85.50	+0.05
Woodward	86.50	+0.05
Woodward	87.50	+0.05
Woodward	88.50	+0.05
Woodward	89.50	+0.05
Woodward	90.50	+0.05
Woodward	91.50	+0.05
Woodward	92.50	+0.05
Woodward	93.50	+0.05
Woodward	94.50	+0.05
Woodward	95.50	+0.05
Woodward	96.50	+0.05
Woodward	97.50	+0.05
Woodward	98.50	+0.05
Woodward	99.50	+0.05
Woodward	100.50	+0.05

BANKS, HP & LEASING

Stock	Price	Change
Bank of Montreal	10.50	+0.05
Bank of Toronto	11.50	+0.05
Bank of Victoria	12.50	+0.05
Bank of Nova Scotia	13.50	+0.05
Bank of New Zealand	14.50	+0.05
Bank of Queensland	15.50	+0.05
Bank of South Africa	16.50	+0.05
Bank of Western Australia	17.50	+0.05
Bank of Western Australia	18.50	+0.05
Bank of Western Australia	19.50	+0.05
Bank of Western Australia	20.50	+0.05
Bank of Western Australia	21.50	+0.05
Bank of Western Australia	22.50	+0.05
Bank of Western Australia	23.50	+0.05
Bank of Western Australia	24.50	+0.05
Bank of Western Australia	25.50	+0.05
Bank of Western Australia	26.50	+0.05
Bank of Western Australia	27.50	+0.05
Bank of Western Australia	28.50	+0.05
Bank of Western Australia	29.50	+0.05
Bank of Western Australia	30.50	+0.05
Bank of Western Australia	31.50	+0.05
Bank of Western Australia	32.50	+0.05
Bank of Western Australia	33.50	+0.05
Bank of Western Australia	34.50	+0.05
Bank of Western Australia	35.50	+0.05
Bank of Western Australia	36.50	+0.05
Bank of Western Australia	37.50	+0.05
Bank of Western Australia	38.50	+0.05
Bank of Western Australia	39.50	+0.05
Bank of Western Australia	40.50	+0.05
Bank of Western Australia	41.50	+0.05
Bank of Western Australia	42.50	+0.05
Bank of Western Australia	43.50	+0.05
Bank of Western Australia	44.50	+0.05
Bank of Western Australia	45.50	+0.05
Bank of Western Australia	46.50	+0.05
Bank of Western Australia	47.50	+0.05
Bank of Western Australia	48.50	+0.05
Bank of Western Australia	49.50	+0.05
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Bank of Western Australia	71.50	+0.05
Bank of Western Australia	72.50	+0.05
Bank of Western Australia	73.50	+0.05
Bank of Western Australia	74.50	+0.05
Bank of Western Australia	75.50	+0.05
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Bank of Western Australia	80.50	+0.05
Bank of Western Australia	81.50	+0.05
Bank of Western Australia	82.50	+0.05
Bank of Western Australia	83.50	+0.05
Bank of Western Australia	84.50	+0.05
Bank of Western Australia	85.50	+0.05
Bank of Western Australia	86.50	+0.05
Bank of Western Australia	87.50	+0.05
Bank of Western Australia	88.50	+0.05
Bank of Western Australia	89.50	+0.05
Bank of Western Australia	90.50	+0.05
Bank of Western Australia	91.50	+0.05
Bank of Western Australia	92.50	+0.05
Bank of Western Australia	93.50	+0.05
Bank of Western Australia	94.50	+0.05
Bank of Western Australia	95.50	+0.05
Bank of Western Australia	96.50	+0.05
Bank of Western Australia	97.50	+0.05
Bank of Western Australia	98.50	+0.05
Bank of Western Australia	99.50	+0.05
Bank of Western Australia	100.50	+0.05

BEERS, WINES & SPIRITS

Stock	Price	Change
Beck's	10.50	+0.05
Carlsberg	11.50	+0.05
Heineken	12.50	+0.05
Kaiser	13.50	+0.05
Miller	14.50	+0.05
Pilsener	15.50	+0.05
Stout	16.50	+0.05
Wine	17.50	+0.05
Whisky	18.50	+0.05
Whisky	19.50	+0.05
Whisky	20.50	+0.05
Whisky	21.50	+0.05
Whisky	22.50	+0.05
Whisky	23.50	+0.05
Whisky	24.50	+0.05
Whisky	25.50	+0.05
Whisky	26.50	+0.05
Whisky	27.50	+0.05
Whisky	28.50	+0.05
Whisky	29.50	+0.05
Whisky	30.50	+0.05
Whisky	31.50	+0.05
Whisky	32.50	+0.05
Whisky	33.50	+0.05
Whisky	34.50	+0.05
Whisky	35.50	+0.05
Whisky	36.50	+0.05
Whisky	37.50	+0.05
Whisky	38.50	+0.05
Whisky	39.50	+0.05
Whisky	40.50	+0.05
Whisky	41.50	+0.05
Whisky	42.50	+0.05
Whisky	43.50	+0.05
Whisky	44.50	+0.05
Whisky	45.50	+0.05
Whisky	46.50	+0.05
Whisky	47.50	+0.05
Whisky	48.50	+0.05
Whisky	49.50	+0.05
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Whisky	51.50	+0.05
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Whisky	68.50	+0.05
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Whisky	70.50	+0.05
Whisky	71.50	+0.05
Whisky	72.50	+0.05
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Whisky	78.50	+0.05
Whisky	79.50	+0.05
Whisky	80.50	+0.05
Whisky	81.50	+0.05
Whisky	82.50	+0.05
Whisky	83.50	+0.05
Whisky	84.50	+0.05
Whisky	85.50	+0.05
Whisky	86.50	+0.05
Whisky	87.50	+0.05
Whisky	88.50	+0.05
Whisky	89.50	+0.05
Whisky	90.50	+0.05
Whisky	91.50	+0.05
Whisky	92.50	+0.05
Whisky	93.50	+0.05
Whisky	94.50	+0.05
Whisky	95.50	+0.05
Whisky	96.50	+0.05
Whisky	97.50	+0.05
Whisky	98.50	+0.05
Whisky	99.50	+0.05
Whisky	100.50	+0.05

BUILDING, TIMBER, ROADS

Stock	Price	Change
Amey	10.50	+0.05
Balfour Beatty	11.50	+0.05
Bechtel	12.50	+0.05
Chambers	13.50	+0.05
Chambers	14.50	+0.05
Chambers	15.50	+0.05
Chambers	16.50	+0.0

LONDON SHARE SERVICE

Handwritten text in a box at the top center of the page.

INSURANCES - Contd. Table listing various insurance companies and their share prices.

LEISURE. Table listing leisure-related companies and their share prices.

MOTORS, AIRCRAFT TRADES. Table listing companies in the motor and aircraft sectors.

Commercial Vehicles. Table listing commercial vehicle companies.

Components. Table listing component manufacturers.

Garages and Distributors. Table listing garage and distributor companies.

NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies.

SHIPPING. Table listing shipping companies.

PAPER, PRINTING, ADVERTISING - Contd. Table continuing the list of paper, printing, and advertising companies.

PROPERTY. Table listing property-related companies.

PROPERTY. Large table listing various property companies and their share prices.

SHIPPING. Table listing shipping companies.

SHOES AND LEATHER. Table listing shoes and leather companies.

SOUTH AFRICANS. Table listing South African companies.

TEXTILES. Table listing textile companies.

TEXTILES. Table listing textile companies.

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TEXTILES. Table listing textile companies.

TEXTILES. Table listing textile companies.

TEXTILES - Contd. Table continuing the list of textile companies.

TOBACCOS. Table listing tobacco companies.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies.

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TRUSTS, FINANCE, LAND - Contd. Table continuing the list of trusts, finance, and land companies.

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OIL AND GAS - Contd. Table continuing the list of oil and gas companies.

OIL AND GAS. Table listing oil and gas companies.

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MINES - Contd. Table continuing the list of mining companies.

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REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks.

TRADITIONAL OPTIONS. Table listing traditional options.

Notes and additional information at the bottom right of the page.

LONDON STOCK EXCHANGE

£2.1bn Swiss bid for Rowntree triggers speculative excitement in equity sector

Account Dealing Dates
First Declared Last Account
Debtings Day Dealings Day

THE TAKEOVER offer worth \$2.1bn from Nestlé of Switzerland for Rowntree Mackintosh, the UK chocolate and food manufacturer, touched off an extraordinary burst of speculative fever in the London stock market yesterday.

With the market savouring the prospects of the reinvestment of the Rowntree acquisition cash, the FT-SE 100 index pushed through the 1800 barrier once more, closing 23.2 up at 1800.8.

At the close, rumours of a dawn raid on Courtauld's this morning, perhaps by Hoechst of Germany or Du Pont of the US, pushed shares in the textile leader up 32 to 384p.

Government bonds ended little changed from overnight, after shedding the small gains marked earlier in the session. Traders said there was a good two-way trade, with prices responding at first to the firmer trend in US Treasuries.

The bond sector remained cautious towards the prospects for the pound and domestic interest rates. With some analysts warning that sterling could be overvalued, attention is focused on this Friday's announcement of the UK trade figures for March.

FINANCIAL TIMES STOCK INDICES
Table with columns for Government Sec, Fixed Interest, Ordinary 9, Gold Mines, Ord. Div. Yield, Earnings Yr % (incl. Div), P/E Ratio (incl. Div), SEAG (Gains/Loss), Equity Turnover (Gns), Equity Yield, Shares Traded (Gns)

Day's High 1432.4 Day's Low 1413.3
LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

FR Group's annual profits of £22.1m exceeded last year's total by 32 per cent but fell short of the more optimistic market estimates because of an expansion in research and development expenditure.

Life assurance continued to benefit from takeover speculation and Sen Life, whose shares of a market raid and eventual bid from 25.7 per cent shareholder Transamerica were rife last week, added 10 to 115p after strong buying interest via the inter dealer broking screens.

289p following revived speculative buying. BPI Industries were also in demand towards the close and finished 5 higher at 280p.

FT - ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Table with columns for Index No., Day's Change, Est. Earnings, Gross Div., P/E, etc.

FIXED INTEREST
Table with columns for Price, The 26, Day's Change, etc.

LONDON TRADED OPTIONS

Table with columns for Calls, Puts, and various stock options like Allied Lines, B.P. (224), etc.

RISES AND FALLS YESTERDAY

Table with columns for British Funds, Corporate, Dominion and Foreign Bonds, etc.

RECENT ISSUES

Table with columns for Issue, Price, Yield, etc.

RIGHTS' OFFERS

Table with columns for Issue, Price, Yield, etc.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Volume, Stock, etc.

NEW HIGHS AND LOWS FOR 1988

Table with columns for New High, New Low, etc.

foods and we're suffering" traders said.
Ratnaps edged up to 263p first thing as the preliminary figures - profits up 132 per cent and earnings per share up 48 per cent - matched best expectations.

Based again on the buzz over the heavily needed general round of takeover fees, the group forward up for sale. The Argus publishing and traded options market could have represented stake-building moves.

the day at 114p. Among the speculative issues, Birmingham Blast advanced 8 to 152p while Cambridge classed 6 to the good at 168p.

Traded Option activity expanded once again, the total number of contracts rising to 39,596 comprising 20,037 calls and 19,499 puts.

County West Woodmac and Citicorp Scrimgeour Vickers. Kwik-Fit recovered from the Ford challenge to last-Fit service chains, regaining 6 to 189p.

Traditional Options
First dealings Apr 28
Last dealings Apr 28
For full indications see end of London Share Service

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World Stock Markets

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, France, Germany, Netherlands, Sweden, and Switzerland. Columns include country, date, and various stock indices.

CANADA

Table of Canadian stock market data, including Toronto closing prices for April 26. Lists various stocks and their prices.

Table of Japanese stock market data for April 26. Lists various Japanese stocks and their prices.

OVER-THE-COUNTER

Table of over-the-counter market closing prices for Nasdaq national market. Lists various stocks and their prices.

INDICES

Table of various stock indices including Dow Jones, Standard and Poors, and others. Shows index values and changes.

Table of Chief London Price Changes Yesterday. Lists price changes for various commodities and goods.

Table of Tokyo - Most Active Stocks. Lists the most active stocks in Tokyo and their prices.

Table of New York Active Stocks. Lists active stocks in New York and their prices.

Advertisement for 'Travelling on Business?' featuring the Financial Times newspaper. Includes text about enjoying the paper while traveling and subscription information.

Small text at the bottom of the page providing additional information and disclaimers.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections like 'Continued From Page 48' and 'R R R'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections like 'D D D', 'E E E', 'F F F', 'G G G', 'H H H', 'I I I', 'J J J', 'K K K', 'L L L', 'M M M', 'N N N', 'O O O', 'P P P', 'Q Q Q', 'R R R', 'S S S', 'T T T', 'U U U', 'V V V', 'W W W', 'X X X', 'Y Y Y', 'Z Z Z'.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of Over-the-Counter Nasdaq national market closing prices. Columns include Stock, Price, Change, and Volume. Includes sub-sections like 'A A A', 'B B B', 'C C C', 'D D D', 'E E E', 'F F F', 'G G G', 'H H H', 'I I I', 'J J J', 'K K K', 'L L L', 'M M M', 'N N N', 'O O O', 'P P P', 'Q Q Q', 'R R R', 'S S S', 'T T T', 'U U U', 'V V V', 'W W W', 'X X X', 'Y Y Y', 'Z Z Z'.

Advertisement for 'Have your F.T. hand delivered every working day in Norway'. Includes text about business center, subscription information, and contact details for Oslo (02) 684020.

AMERICA

Blue chip issues lead Dow advance

Wall Street

LED BY blue chip buying and some strong corporate earnings, Wall Street stocks rebounded yesterday from a mid-session sell-off...

However, with a seasonally adjusted rise of 2.3 per cent, GNP was in line with market expectations in contrast to other economic data released recently...

Quaker Oats, the food company, was up 2 1/2% to \$47 1/4. Baxter Travenol, the laboratory maker, gained 3 1/4% to \$22 1/2...

SOUTH AFRICA

INTEREST remained subdued in Johannesburg yesterday and stocks closed little changed after a day of lacklustre trading...

Canada

BASE METALS advanced, but other prices closed mixed, off the day's highs. The composite index was up 7.9 points at \$344.00...

ASIA

Nikkei edges up to second high

Tokyo

A WAIT-AND-SEE mood strengthened its hold in late trading, as the Nikkei average rose moderately to hit another all-time high...

In Osaka, share prices continued to sprint ahead, with the Osaka Securities Exchange average gaining 129.85 to 27,200.63...

MODERATE trading in Hong Kong left stocks lower, as overseas investors took profits before the US Gross National Product figures...

THE POSITIVE effect of Wall Street's gains on Friday and Monday evaporated as the gold price fell, leaving stocks in Sydney mixed after a thin day's trading...

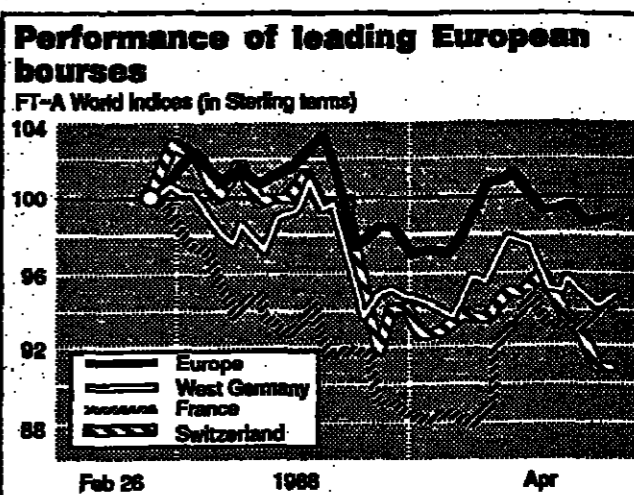
EUROPE

UK funds 'confident' about US investment

BRITISH fund managers remain confident about the long-term potential of US equities despite the October crash...

Takeover activity injects interest as Paris recovers

TAKEOVER news and the overnight gains on Wall Street gave an impetus to markets in Europe yesterday, but the impending US gross national product figures hung over trading and held some investors back...



LONDON was set alight by the takeover offer for Rowntree Macintosh from Nestlé of Switzerland, with the FT-SE 100 index breaching the 1,800 level, rising 23.2 to 1,800.8.

AMSTERDAM had a quiet day awaiting the US data, which turned out to be much as expected and left the market untroubled. Speculative stocks injected a little life and the CEX all-share index added 0.3 to 84.4.

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, TUESDAY APRIL 26 1988, MONDAY APRIL 25 1988, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Pacific Basin, Euro-Pacific, North America, Japan Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. Af., World Ex. Japan, World Ex. Japan (2473).

"An impressive year by any standards"

Advertisement for Northern Rock Building Society. Includes text: 'At the Society's Annual General Meeting on 26th April 1988', 'Remarkable Strength', 'Growth Achievement', 'Record Profits', and 'The Future'. Features a logo for Northern Rock Building Society.

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ index), 92.791 (Pound Sterling) and 94.94 (Dutch). Copyright: The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987